



Havering

L O N D O N B O R O U G H

OVERVIEW & SCRUTINY BOARD AGENDA

7.30 pm	Tuesday 8 October 2019	Havering Town Hall, Main Road, Romford
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Members 16: Quorum 6

COUNCILLORS:

Conservative Group (8)

Philippa Crowder
Judith Holt
Robby Misir
Dilip Patel
Nisha Patel
Bob Perry
Christine Smith

Maggie Themistocli (Vice-Chair)

Residents' Group (2)

Ray Morgon
Barry Mugglestone

Upminster & Cranham Residents' Group (2)

Linda Hawthorn
Christopher Wilkins

Independent Residents' Group (2)

Natasha Summers
Graham Williamson

Labour Group (1)

Keith Darvill

North Havering Residents Group (1)

Darren Wise (Chairman)

For information about the meeting please contact:

**Richard Cursons 01708 432430
richard.cursons@oneSource.co.uk**

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

OVERVIEW AND SCRUTINY BOARD

Under the Localism Act 2011 (s. 9F) each local authority is required by law to establish an overview and scrutiny function to support and scrutinise the Council's executive arrangements.

The Overview and Scrutiny Board acts as a vehicle by which the effectiveness of scrutiny is monitored and where work undertaken by themed sub-committees can be coordinated to avoid duplication and to ensure that areas of priority are being reviewed. The Board also scrutinises general management matters relating to the Council and further details are given in the terms of reference below. The Overview and Scrutiny Board has oversight of performance information submitted to the Council's executive and also leads on scrutiny of the Council budget and associated information. All requisitions or 'call-ins' of executive decisions are dealt with by the Board.

The Board is politically balanced and includes among its membership the Chairmen of the six themed Overview and Scrutiny Sub-Committees.

Terms of Reference:

The areas scrutinised by the Board are:

- Strategy and commissioning
- Partnerships with Business
- Customer access
- E-government and ICT
- Finance (although each committee is responsible for budget processes that affect its area of oversight)
- Human resources
- Asset Management
- Property resources
- Facilities Management
- Communications
- Democratic Services
- Social inclusion
- Councillor Call for Action
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AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) - receive.

3 DISCLOSURE OF INTERESTS

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in an item at any time prior to the consideration of the matter.

4 EXCLUSION OF PRESS AND PUBLIC

To consider whether the press and public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the press and public were present during those items there would be disclosure to them of exempt information within the meaning of paragraphs 1 or 3 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

5 CALL-IN OF A CABINET DECISION RELATING TO PUBLIC REALM TRANSFORMATION (Pages 1 - 118)

Report and appendices attached.

Andrew Beesley
Head of Democratic Services

Overview & Scrutiny Board

8 October 2019

Subject Heading:

Call-in of a Cabinet Decision – Public Realm Transformation

SLT Lead:

John William Jones – Deputy Director of Legal & Governance

Report Author and contact details:

Richard Cursons – Democratic Services Officer
richard.cursons@onesource.co.uk

Policy context:

The decision supports the Corporate Plan, especially 'A Great Place to Live' as outlined in the Places theme

Financial summary:

There is a MTFS requirement to save £500k It is projected the £300K will be realised in 2021/22 with the remaining £200K delivered in 2022/23.

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[]
Connections making Havering	[]

SUMMARY

In accordance with paragraph 17 of the Overview & Scrutiny Committee Rules, a requisition signed by six Members representing more than one Group (Councillors Ray Morgon, Keith Darvill, Linda Hawthorn, Barry Mugglestone, Graham

Williamson and Chris Wilkins) have called-in the Cabinet Decision dated 18 September 2019.

RECOMMENDATION

That the Board considers the requisition of the call-in of the Cabinet Decision and determines whether to uphold it.

REPORT DETAIL

As per Appendices

Appendix A – Grounds for requisition and response by Council officers

Appendix B – Cabinet decision

Appendix C – Cabinet report

-----Original Message-----

From: CouncillorRay Morgon

Sent: 24 September 2019 08:22

To: Anthony Clements; Andrew Beesley

Cc: CouncillorKeith Darvill; CouncillorBarry Mugglestone; CouncillorLinda Hawthorn;

CouncillorChristopher Wilkins; CouncillorGraham Williamson; CouncillorPaul McGeary

Subject: FW: Call in - Cabinet Decision - Public Realm Transformation

Dear Andrew/Anthony,

Cabinet Decision- Public Realm Transformation

The above members and myself 'Call in' the above mentioned decision (as there has been no pre-decision scrutiny) for the following reasons:-

- 1) To review and give greater scrutiny of the preferred option of 'outsourcing' the services currently provided 'in house'.
- 2) To review and scrutinise the alternative options set out in the report to Cabinet('the Report')
- 3) To examine how the proposal will improve the delivery of services.
- 4) To examine how the proposal will improve the way in which Havering looks and feels.
- 5) To review and consider the Cost Modelling & Financial Assessment set out in Part 11 of the Report.
- 6) To review and consider the assessment of qualitative factors and risks set out in Part 12 of the Report.
- 7) To review and consider the implications and risks set out in Part 13 of the Report.
- 8) To review and consider the Human Resources implications and risks set out in Part 15 of the Report.
- 9) To understand and evaluate the specification used in the soft market testing, in particular the proposed Service Level Agreement and the intended measured performance targets.
- 10) To understand and evaluate the Governance arrangements between the council and the contractor, together with how the contract will be managed by the streamlined Client team.
- 11) To understand and evaluate the interfacing of IT systems between the council and the contractor and how performance will be self-monitored by the use of effective technology.
- 12) To understand and evaluate the anticipated efficiency savings.
- 13)To understand and evaluate the payment by performance mechanism and how in the contract this will be articulated.

- 14) To understand and evaluate the roles of staff who will remain employed by the council after the proposed contract commences.
- 15) To understand the breakdown between statutory and non-statutory services proposed in the contract.
- 16) To evaluate and review the benchmarking data for the council against other London Councils.
- 17) To evaluate and review the information and data collated by Eunomia, in particular a full breakdown of cost assumptions.
- 18) To understand and evaluate increased income generation from the contract.
- 19) To identify and evaluate the stopping of lower priority activities.
- 20) To understand and evaluate the data provided to potential bidders.
- 21) To understand and review the wider corporate cost implications if the contract is outsourced, including existing depots, vehicles and equipment.
- 22) To understand and review the impact on operational managers and the Client Team in the event of the contract being outsourced.
- 23) To understand and evaluate the impact on the Pension Fund if the contractor achieves Admitted Body Status.
- 24) To understand and evaluate which services will be retained and which services will be outsourced, together with the rationale for this proposal.
- 25) To understand and evaluate what opportunities were provided to in-house staff to bid for the contract

Report to Overview & Scrutiny Board
Public Realm Transformation
Questions & Responses
8 October 2019

1) To review and give greater scrutiny of the preferred option of 'outsourcing' the services currently provided 'in house'.

Many of the outcomes to be obtained through the contract are not currently known or are not quantifiable until Competitive Dialogue has been completed as it is too early in the process to predict specific outcomes. The Competitive Dialogue procedure is selected as the technical specification cannot be defined with precision and the requirements may necessitate and involve innovative solutions which can be best delivered with the input of the market. As the Council is proposing to create a newly integrated contract for the Public Realm services, the Competitive Dialogue procedure offers significant flexibility as the Council can continue with the process until it is satisfied that a solution (or solutions) is available within the Council's budget that is capable of meeting the Council's needs has been identified.

The Council is to specify an 'outcome-based' contract, outlining to bidders the service standards that must be met without defining the methods of delivery needed to achieve these outcomes. This allows bidders greater flexibility to decide how and when to deliver the services and encourages keenly priced innovation. Approval for final award is a Cabinet decision.

Public Realm over the past two years has already delivered significant saving (£500k) through internal transformation. Public Realm is required to deliver another £500k as outlined in the current MTFS. As summarised at the All Member Briefing in November 2018, remodelling in-house services further would most likely lead to deleting many posts across the services resulting in reduced service standards such as less frequent road sweeping, fewer grass cuts, less shrub pruning, etc. These reduced standards are not acceptable to Members and residents. The alternative was to consider other options, including outsourcing models.

As outlined in the Cabinet report three options were explored in greater depth to deliver savings while protecting or enhancing services standards. These were:

1. Outsourcing the services to one external contractor to deliver the Public Realm services.
2. Keeping and bringing all the services in-house so that the Public Realm services are delivered directly by employees of the council.
3. Deliver the Public Realm services through a Local Authority Company either by setting up a new company or use an existing company founded by the Council to deliver the services.

A detailed analysis of the risks, benefits and potential savings, as outlined in the Business Case (exempt Appendix 1 of the Cabinet report), concluded that the option 1 (outsourcing) was the recommended model for the way forward that would achieve the desired outcomes.

Further discussion about the costs analysis and benefits of the programme will need to be held in a closed session as the detail refers to the information provided in Appendix 1 and Appendix 2 of the Cabinet report, both that are exempt as disclosure of this information may reduce the competitive nature of the process, particularly the financial analysis undertaken and the assessment of the market.

2) To review and scrutinise the alternative options set out in the report to Cabinet ('the Report')

As question 1 above

3) To examine how the proposal will improve the delivery of services.

Improved service delivery of an integrated contract will provide:

1. The potential to deliver better co-ordinated management of the Public Realm services as all services will be managed by one contractor, removing contractual barriers to service delivery
2. The potential to deliver a uniformed approach to service delivery, shared processes, procedures and contract monitoring systems.
3. One single brand, unifying the approach to the delivery of the Public Realm services with a local identity
4. The potential to lead to the development and retention of a multi skilled workforce, as the integrated solution may present more opportunities for staff that wish to develop their professional careers
5. Contribute towards other Council strategies such as improved air quality, social values and community benefits
6. The new contract will develop ICT systems to monitor contract performance that will enable to contractor to respond to services issues rapidly, offering residents improved services; this in turn will improve the way in which Havering looks and feels, helping residents feel better about their surroundings. The performance data collected by the contractors will be shared with the Council.

The detail of these outcomes will become more apparent after the competitive dialogue stages as it is currently too early in the process to predict outcomes.

4) To examine how the proposal will improve the way in which Havering looks and feels.

As question 3 above, and;

The procurement of the new contract contributes to achieving a number of the Council's objectives. The aim for the new contract is to improve the delivery of the services through an integrated approach, improving the look and feel of the local environment. This in turn will help residents feel better about their surroundings whilst contributing to the Council's savings programme.

5) To review and consider the Cost Modelling & Financial Assessment set out in Part 11 of the Report.

The cost modelling and financial appraisal is considered in depth in both Appendix 1 and Appendix 2. Cost modelling shows that the best value option is to outsource an integrated public realm contract that will deliver at least the savings required in the current MTFS (£500k).

Further discussion about the costs analysis and benefits of the programme will need to be held in a closed session as the detail refers to the information provided in Appendix 1 and Appendix 2 of the Cabinet report, both that are exempt as disclosure of this information may reduce the competitive nature of the process, particularly the financial analysis undertaken and the assessment of the market.

6) To review and consider the assessment of qualitative factors and risks set out in Part 12 of the Report.

As outlined in the Business Case the assessment concluded that the outsourced option would provide best value/VfM as, through the tendering process, the council would be able to ensure costs are kept competitive while benefiting from innovation and best practice that the private sector can offer.

Alongside the financial assessment of the main commissioning options, officers undertook an assessment of qualitative factors associated with each option, including:

- The ability to exert control over the contract through good contract management and KPI's
- The degree of financial risk transfer to an external provider and protection of the council's financial position
- The ability to transfer operational risk onto a contractor and reliance on the capability and experience of the service provider

These factors were considered significant features to favour the Outsourcing commissioning route.

7) To review and consider the implications and risks set out in Part 13 of the Report.

As question 5 above

Further discussion about the costs analysis and benefits of the programme will need to be held in a closed session as the detail refers to the information provided in Appendix 1 and Appendix 2 of the Cabinet report, both that are exempt as disclosure of this information may reduce the competitive nature of the process, particularly the financial analysis undertaken and the assessment of the market.

8) To review and consider the Human Resources implications and risks set out in Part 15 of the Report.

The staff impacted in this programme are employed in grounds maintenance, gully cleansing, elements of parks development and street cleansing. These services employ 162 staff directly, with additional seasonal agency workers as required.

Staff directly employed by the Council will be transferred to the new provider. The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) applies. As employees of the Council would TUPE, their terms and conditions will be protected in law. Staff working in services that are already outsourced may also TUPE. This is a matter yet to be determined and agreed with individual contractors.

Three change management programmes, following the Council's policies, will also take place before the contract starts. These are:

1. Creating a robust client team. There is already a Client team to manage the waste collection, weed control and tree maintenance contracts. A new team will be created reflecting the skills, knowledge and experience necessary to client the new contract. The client team will be resourced to undertake its function robustly.
2. Current caretaking staff clean and maintain the internal and external features of housing estates. Only some of the external cleaning functions are to be included in the contract. The

change management programme will assign posts and functions to internal and external functions. All grounds maintenance functions will be managed by the contractor.

3. Some posts that are in the Park Development team are likely to be assigned to the TUPE list; others will not as they will remain directly employed by the Council to deliver internal requirements. Posts that remain will continue to be employed by the Council.

The detail of these programmes have not yet been established and to some extent the final position will not be known until the end of the dialogue process. Staff and Trade Unions have been kept abreast and updated about this programme since the programme was discussed at the All Members Briefing in November 2018, before soft market testing commenced (see question 9 below).

9) To understand and evaluate the specification used in the soft market testing, in particular the proposed Service Level Agreement and the intended measured performance targets.

After advertising the Prior Information Notice (PIN) in the Official Journal of the European Union (OJEU), five companies requested to meet with the council as part of the soft market testing exercise. All companies were offered exactly the same confidential information, and asked to consider delivering services to the same specification as currently delivered. Information provided included:

- Havering's Vision
- List of services to be included in a possible future contract
- Number of staff in total working in these services (provided for in-house services only, across the whole of public realm (not broken down into the various services))
- Number of vehicles (provided for in-house services only)
- Current standards
- List of Council Depots
- Background to waste collection and disposal
- Overall budget for Public Realm and associated services (not broken down into the various services) included in the programme.

It was agreed with all participating companies that the information gathered during this exercise would not be shared as it was commercially sensitive. This exercise demonstrated the markets' appetite to participate in a future tendering exercise and gave an indication to the potential models and savings that may be available.

10) To understand and evaluate the Governance arrangements between the council and the contractor, together with how the contract will be managed by the streamlined Client team.

As question 8 and;

An internal change management programme is yet to be undertaken. The client team's function will be 'streamlined', working smarter taking advantage of improved technology and ICT systems that are potentially available through the contract. The numbers of staff is likely to increase; the client team will be resourced to undertake its function robustly.

11) To understand and evaluate the interfacing of IT systems between the council and the contractor and how performance will be self-monitored by the use of effective technology.

It is too early in the process to predict what ICT systems will be offered. This will become more apparent after the competitive dialogue stages.

12) To understand and evaluate the anticipated efficiency savings.

As question 1, 9 and:

The programme will deliver savings of at least £500k, as outlined in the current MTFS.

Further discussion about the costs analysis and benefits of the programme will need to be held in a closed session as the detail refers to the information provided in Appendix 1 and Appendix 2 of the Cabinet report, both that are exempt as disclosure of this information may reduce the competitive nature of the process, particularly the financial analysis undertaken and the assessment of the market.

13) To understand and evaluate the payment by performance mechanism and how in the contract this will be articulated.

It is too early in the process to predict how the payment by performance mechanism will be implemented into the new proposed integrated contract. This will become more apparent after the competitive dialogue stages. The council will provide a baseline position for the payment mechanism during the competitive dialogue process and the bidders will be provided with opportunities to comment on the proposed mechanism. The new Contract will be largely self-monitoring and guided by the use of effective technology to measure performance. A concise number of KPIs, focusing on the strategic aspects of the services, will be included within the payment mechanism. The payment mechanism will describe, once agreed at the conclusion of the competitive dialogue process, the mechanism for the calculation of the invoice, the application of any performance deductions in the event that KPI's are not achieved, and the application of, if relevant, any performance incentives.

14) To understand and evaluate the roles of staff who will remain employed by the council after the proposed contract commences.

As question 8 and;

It is too early in the process to predict the roles of staff remaining within the employee of the council. This will become more apparent after the competitive dialogue stages.

15) To understand the breakdown between statutory and non-statutory services proposed in the contract.

All statutory public realm functions will be contained within the contract as will several non-statutory services. These will be outlined in the specification as outlined in question 20 below.

16) To evaluate and review the benchmarking data for the council against other London Councils.

Benchmarking with other local authorities was undertaken informally. Comparing their services to Havering's it was apparent from conversations that tendering for an integrated contract rather than dividing responsibilities or tendering in lots would deliver greater efficiencies and improved outcomes. This conclusion was reinforced through soft market testing undertaken by the Council with industry market leaders (see question 9).

17) To evaluate and review the information and data collated by Eunomia, in particular a full breakdown of cost assumptions.

The modelling detail of the commissioning option assessment is commercially sensitive given that the modelling tools and techniques are the property of the consultants. The broad stages of the modelling undertaken, including the information and data collated, were as follows:

- The consultants requested operational information and financial data from the council in order to determine a baseline cost of the services.
- The information and data provided included all the services under assessment.
- Where financial information was not directly available for components of individual services, the consultant used assumptions. These assumptions were validated by reference to other existing contracts and discussed with officers to ensure relevance to the local circumstances.
- Consistent assumptions were applied to each of the three commissioning options, primarily for the following cost categories: pension costs and contributions, corporate overheads and profit.
- The soft market testing information concluded that an integrated service delivery model would achieve further efficiency. The companies involved in the soft market testing provided a range of financial savings. The most conservative amount of these savings was applied to all three commissioning options to determine a financial comparison of the options.

18) To understand and evaluate increased income generation from the contract.

It is too early in the process to predict if there is the potential for income opportunities that may be generated through this contract. This will become more apparent after the competitive dialogue stages.

19) To identify and evaluate the stopping of lower priority activities.

All current services delivered by Public Realm and associated services will continue. An 'as is' contract is specified as outlined in question 20 below. No activities are to cease.

20) To understand and evaluate the data provided to potential bidders.

The contract documents are still being produced. The services contained within the specification are:

- caretaking (litter picking and waste clearance from some external housing estate cleansing only)
- grounds maintenance
- gully cleansing
- elements of parks development
- park gates locking
- street cleansing
- tree maintenance
- winter maintenance
- waste and recycling collection
- weed control

The information provided in the service specification seeks to provide for at least an 'as is' service; i.e. the current standards are to be maintained or improved. The significant difference is where possible, an outcome is required for the contractor to deliver; the council will not be prescriptive about the way that services are delivery. Therefore, for example, the specifications requires waste to continue to be collected weekly but seeks for streets to be kept clean to a specified standard rather than the Council specifying the frequency of the service.

21) To understand and review the wider corporate cost implications if the contract is outsourced, including existing depots, vehicles and equipment.

There may be opportunities to make addition savings in the future after the contract is awarded. It is too early in the process to predict if there will be any additional savings. This will become more apparent after the competitive dialogue stages. The cost implications for the depot and vehicles are contained with Appendix 2 of the Cabinet report.

Further discussion about the costs analysis of the programme will need to be held in a closed session as the detail refers to the information provided in Appendix 2 of the Cabinet report, that is exempt as disclosure of this information may reduce the competitive nature of the process, particularly the financial analysis undertaken and the assessment of the market.

22) To understand and review the impact on operational managers and the Client Team in the event of the contract being outsourced.

It is too early in the process to predict the roles of staff and the Client Team. This will become more apparent after the competitive dialogue stages.

23) To understand and evaluate the impact on the Pension Fund if the contractor achieves Admitted Body Status.

Employees who are currently in the LGPS will have the option to remain in the fund if they TUPE transfer to the new employer. This will have the advantage of the Fund retaining the membership and be able to continue receiving employee and employer contributions, which will be set by the Fund's Actuary. Admittance to the Fund will be on the basis that the contractor meets all the regulatory requirements which include signing an admittance agreement and agreeing to have appropriate guarantees in place to mitigate the risk of the contractor failing to honour its commitments to the Pension Fund.

The risk impacts are not known at this stage and this will be drawn out during the negotiations with the contractor during the Competitive Dialogue stages.

24) To understand and evaluate which services will be retained and which services will be outsourced, together with the rationale for this proposal.

As questions 3 & 20 and;

Services to be retained are:

- Internal cleansing of estates, to include drying areas, gardens, etc. This is to be retained as the service is bespoke and does not feature in public realm contracts of this nature
- Elements of Parks Development. This is to be retained to continue develop parks management plans and improvement strategies.

25) To understand and evaluate what opportunities were provided to in-house staff to bid for the contract

The tendering process has not started yet. A company owned or partially owned by staff is able to bid for the contract if they so wish. All bidders will be required to satisfy the tendering criteria that will be available when the OJEU Contract Notice is published.

1. **TITLE: Public Realm Transformation**

2. **DECISION MADE BY:** Cabinet

3. **DECISION:**

Cabinet:

1. Reviewed and approved exempt Appendix 1: Business Case for the Public Realm Transformation and future delivery of Public Realm services to meet Council priorities and the optimum delivery option(s) which includes:

- The case for change and the considerations for the various options assessed.
- The chosen service delivery model for the future delivery of the Public Realm services to meet the Council's priorities.
- The commercial case for the procurement process.
- The governance, risks and control framework for the Public Realm Transformation Programme to ensure successful delivery.
 - In consideration of the Procurement Strategy, to approve the commencement of the procurement for the Public Realm Provision which includes:
 - The choice of procurement procedure that will be implemented to procure a new Integrated Public Realm Services Contract.
 - The initial contract length of 8 years with the option for the Council to extend for up to a further 8 years (extension could range from one to eight years, subject to relevant decisions at the time).
 - The evaluation criteria for the award of the new Contract based on a 50% Price / 50% Quality split.
 - The indicative procurement timetable.

4. **REASON FOR DECISION**

1. The recommended option for the future delivery of the Public Realm services is to procure an Integrated Public Realm Services Contract.
2. The Outsourcing option is capable of delivering the "best" balance of benefits and risks:
 - A well understood solution with predictable implementation costs and timetable.
 - The ability to transfer most of the financial risks to the selected contractor.
 - The opportunity to attract competition during the procurement process to secure best value and achieve the savings target of £500k.
 - The ability to maximise market innovation to secure a contract which is fit for the future.
3. The procurement of an integrated contract achieves some of the following benefits:
 - Reducing demarcation inefficiencies and conflicts at the interface of service delivery.
 - Increased operatives' accountability and more collaborative working.
 - Improved co-ordination and sharing of resources.
 - Efficiencies in the client management structures.
 - Increased value of the potential contract to the market which could lead to improved

competition and better demonstration of best value.

4. The Council has a legal obligation to tender contracts of this value. It also provides an opportunity to demonstrate that the Council is obtaining best value for money by carrying out an open and transparent process and engaging with the market. The competitive tension provided through a procurement process incentivises innovation and reduces costs.

5. **ALTERNATIVE OPTIONS CONSIDERED**

1. PRT Board considered options for the future service delivery model and to achieve the strategic outcomes.

The selection of the options was mainly driven by the following considerations:

- The nature of the services in scope.
- The solutions available, taking into account existing and new ways of working, re-design of the business process and configuration.
- The availability of service providers, ranging from within the organisation to external service providers.
- The ability of the supply side to deliver the required services within the constraints of delivery timeframe, the option of phasing the introduction of the services over time.

The three options identified for a more detailed review were:

- Option 1: Contracting Out (Outsourcing).

The option of “Contracting Out the services” through a procurement process was considered and taken forward for additional analysis. This option was considered viable given the Council’s aspiration to deliver an integrated solution for the entirety of the Public Realm services.

- Option 2: Combination of keeping and bringing the services in-house.

The option of “Insourcing the services” was considered and taken forward for additional analysis. This option was considered viable given the Council’s aspiration to deliver an integrated solution for the entirety of the Public Realm services.

- Option 3: Setting up a Local Authority Company.

The option of “Delivering the services through a LAC” was considered and taken forward for additional analysis. This option was considered viable given the Council’s aspiration to deliver an integrated solution for the entirety of the Public Realm services.

Officers engaged external consultants to carry out a detailed review of the three shortlisted commissioning options.

The three commissioning options were appraised against the following two criteria:

- cost modelling and financial assessment, and
- assessment of qualitative factors and risks.

6. **DOCUMENT CONSIDERED:** Public realm 1 - Cabinet report V3 (18 Sept 2019) - Public Realm Transformation - report ...

Public Realm 2 EXEMPT Cabinet Appendix 1 (18
Sept 2019)
Public Realm 3 EXEMPT Cabinet Appendix 2 V2 (18
Sept 2019)
Public Realm 4 Cabinet Appendix 3 EqHIA

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CABINET

Subject Heading:**Public Realm Transformation****Cabinet Member:**

Cllr. Dervish

SLT Lead:

Sue Harper, Director of Neighbourhoods

Report Author and contact details:

Mrs. Dipti Patel, Assistant Director of Environment.

Dipti.Patel@havering.gov.uk

Mr Paul Ellis, Group Manager of Public Realm, Environment.

Paul.Ellis@havering.gov.uk

01708432966

Policy context:

This decision supports the Corporate Plan, especially 'A Great Place to Live' as outlined in the Places theme

Financial summary:

There is a MTFS requirement to save £500k It is projected the £300K will be realised in 2021/22 with the remaining £200K delivered in 2022/23.

Is this a Key Decision?

Financial impact: Saving of over £500k over the life of the contract...

Significant effect on two or more Wards

When should this matter be reviewed?

18 September 2019

Reviewing OSC:

Environment

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering

☐
☒

Opportunities making Havering
Connections making Havering

[]
[]

SUMMARY

1. The report sets out the details of the Business Case and the Procurement Strategy for the Integrated Public Realm Services Contract (Contract), and the rationale behind the proposed new service delivery model.
2. The procurement of the new Contract contributes to achieving a number of the Council's objectives. The aim for the new Contract is to improve the delivery of the services through an integrated approach. This in turn will improve the way in which Havering looks and feels. Helping residents feel better about their surroundings whilst contributing to the Council's savings programme.
3. Preliminary market engagement with a wide range of providers showed a strong interest in this opportunity because of the services potentially in scope and the approach demonstrated by the Council. It also gave useful guidance on the market's ability to maximise the quality standards and minimise the cost of service delivery.
4. Three main service delivery models have been evaluated in detail.
 - Outsourcing: conduct a procurement exercise and engage an external contractor to deliver the Public Realm services.
 - In-house: keeping and bringing all the services in-house so that the Public Realm services are delivered directly by employees of the council.
 - Local Authority Company (LAC): deliver the Public Realm services through a LAC (commonly referred to as a Teckal company), either by setting up a new company or use an existing company founded by the Council to deliver the services.
5. A detailed analysis of the risks, benefits and potential savings concluded that the Outsourcing option (at exempt Appendix 1) should be the preferred service delivery model going forward.

RECOMMENDATIONS

1. Cabinet is asked to:

Review and approve exempt Appendix 1: Business Case for the Public Realm Transformation and future delivery of Public Realm services to meet Council priorities and the optimum delivery option(s) which includes:

- The case for change and the considerations for the various options assessed.
 - The chosen service delivery model for the future delivery of the Public Realm services to meet the Council's priorities.
 - The commercial case for the procurement process.
 - The governance, risks and control framework for the Public Realm Transformation Programme to ensure successful delivery.
2. In consideration of the Procurement Strategy, to approve the commencement of the procurement for the Public Realm Provision which includes:
- The choice of procurement procedure that will be implemented to procure a new Integrated Public Realm Services Contract.
 - The initial contract length of 8 years with the option for the Council to extend for up to a further 8 years (extension could range from one to eight years, subject to relevant decisions at the time).
 - The evaluation criteria for the award of the new Contract based on a 50% Price / 50% Quality split.
 - The indicative procurement timetable.

REPORT DETAIL

1.0 Background

- 1.1 This report seeks approval for a new strategic direction for the delivery of public realm services as outlined in the Business Case for the Public Realm Transformation Programme (Appendix 1 – exempt) to be implemented through a procurement process for a new Integrated Public Realm Services Contract (Contract). The Reasons and Options section of this report provides the justification for the selection of the preferred service delivery model.
- 1.2 The purpose of the Business Case is to establish whether the procurement of the new Contract is desirable, viable and achievable. The Business Case, both as a product and a process, will provide the Council with a management tool for evidence-based and transparent decision making and a framework for the management, control and delivery of the proposed way forward.
- 1.3 It is not intended that the Business Case will be a static document. A key requirement will be to actively maintain and continually update it with current information on costs, risks and benefits. Oversight and governance of this programme has followed Council policy and a Public Realm Transformation (PRT) Board of appropriate senior officers and experts, supported by a

Project Team of specialists, oversees the programme. The Business Case will be monitored by the Public Realm Transformation Board with Cabinet Members updated as appropriate and where necessary, subject to appropriate decisions.

2.0 Strategic Outcomes

2.1 The procurement of the new Contract seeks to save the Council money while creating a new emphasis on the management, maintenance and condition of the public realm. The following strategic outcomes will oversee the delivery of the future service delivery model:

- Strategic Outcome 1: Improve the way in which Havering looks and feels.
- Strategic Outcome 2: Make Havering a cleaner and tidier place.
- Strategic Outcome 3: Make people feel better about their surroundings.
- Strategic Outcome 4: Make a positive impact on social, environmental and economic sustainability.

3.0 Services in Scope

3.1 The Council currently delivers its Public Realm services through a combination of in-house operations and outsourced contracts. Many of the services represent statutory functions that the Council must deliver, therefore the reason for the Business Case is primarily driven by statutory responsibilities that the Council must discharge. The contracts for the services that are currently outsourced come to end at various dates from March 2021 to August 2021. The waste and recycling collection contract, in particular, ends in August 2021, therefore the Council must, in any event, prepare for the re-procurement of a new contract for these services.

3.2 Services included in the scope of the Business Case are caretaking (external housing estate cleansing and grounds only), grounds maintenance, gully cleansing, elements of parks development, park gates locking, street cleansing, winter maintenance (all currently delivered in-house), tree maintenance, waste and recycling collection, trunk road cleaning and weed control (all currently outsourced).

4.0 Programme Objectives and Benefits

4.1 The objectives that the Council will aim to achieve as part of the procurement of the new Contract are:

- Financial savings. Achieve a minimum of £500k savings from the integration of the public realm services as outlined in the Medium Term Financial Strategy (MTFS).

- Improve service delivery. An integrated contract has the potential to deliver better co-ordinated management of the Public Realm services. By working in partnership with one contractor, there will be a uniform approach to service delivery, shared processes, procedures and contract monitoring systems. It is anticipated that this new way of working will achieve significant improvements in the way in which residents, service users and customers receive and request services which in turn improves the customer satisfaction and experience.
- One brand. A unified approach to the delivery of the Public Realm services will enhance the local identity so that the services are all managed under one single brand, for all the relevant public realm functions.
- Better commissioning, procurement and project management. Officers have designed a robust governance and control framework for the implementation of the Programme and have secured the project management, technical, procurement and legal support, which represent the critical functions for the success of the Programme.
- Expert acquisition. The new Contract has the potential to lead to the development and retention of a multi skilled workforce, as the integrated solution may present more opportunities for staff that wish to develop their professional career within the Council. The new Contract has also the potential to result in significant cultural harmonisation benefitting both the Council and the contractor in areas such as knowledge pool, sharing of good practice, sharing of technology, and more innovative ways of working.
- Council Strategy. The new contract will contribute towards other Council strategies such as improved air quality, social values and community benefits.

5.0 Critical Success Factors

5.1 The critical success factors for the service delivery model are:

- Business needs. The outsourcing solution satisfies the existing and the future business needs of the organisation.
- Benefits optimisation. The outsourcing solution optimises the delivery of the strategic outcomes and the achievement of the project's benefits, both qualitative and quantitative.
- Affordability. The procurement of the new Contract will achieve the efficiency savings of £500k as established in the MTFS. This target will be achieved through a combination of: design of technical, financial, commercial and legal documents which aim to achieve the right balance of standards, performance management and risk allocation. In addition, officers will be able to dialogue and negotiate with the bidders during the procurement process all relevant aspects of the Contract to mitigate the risk that the award of the new Contract is not affordable.
- Potential achievability. The outsourcing solution will offer the best opportunity to the Council to innovate, adapt and introduce new ways of working as a result of the market intervention and contribution to the design of the requirements for the new Contract.

- Supply side capacity and capability. The procurement of the new Contract falls within a busy pipeline of opportunities, therefore the design of an attractive procurement process will be paramount to securing market's interest and competition. There is established market maturity in the delivery of similar contracts (scope, value, geography, risk); therefore there is no risk in relation to the market's ability to deliver the required services.

6.0 The Commercial Case

- 6.1 The implementation of the Business Case to deliver the preferred service delivery model will be supported by a detailed Procurement Strategy, which Cabinet is required to approve.
- 6.2 The decisions in the Procurement Strategy have been formulated taking into account of both officers' considerations and the market's perspective, given that officers undertook preliminary market engagement with a wide range of providers.
- 6.3 The PRT Board has selected the Competitive Dialogue (CD) procedure to undertake the procurement of the new Contract. This procedure is best selected when the technical specification cannot be defined with precision and when the requirements may necessitate and involve innovative solutions which can be best delivered with the input of the market. As the Council is proposing to create a new integrated contract for the Public Realm services, the CD procedure offers significant flexibility, as the Council can continue with the process until it is satisfied that a solution (or solutions) that is capable of meeting the needs has been identified. An 'outcome-based' specification, which informs bidders of the service standards that must be met but not the methods of delivery needed to achieve these outcomes, is required. This gives bidders greater flexibility to decide how and when to deliver the services and encourages innovation. The contract will seek prices to deliver services as they are currently delivered but will also seek prices for separate recycling methods, especially food waste collection, and refuse containerisation to ensure the flexibility to introduce these options in the future should legislation require. Based on their experience of delivering similar services across the country and beyond, bidders will have different approaches on how to achieve each of the Council's outcomes.
- 6.4 The new Contract will be awarded for an initial period of 8 years, with the option for the Council to extend for up to a further 8 years, the duration of which may range from 1 year to 8 years, with no lower or upper limit to the number of extensions the Council can arrange, subject to not exceeding the maximum contract length of 16 years (initial contract term plus all extensions). The flexibility built into the extension provisions will allow the Council to adapt to future service changes, including possible changes in waste collection requirements when the East London Waste Authority's (ELWA) waste disposal contract ends (due to expire in 2027), innovation, new technologies, new legislation, financial pressures, and whether to

continue or retender the contract depending on contractor performance and the Council's long-term strategy.

- 6.5 The Council will base the award of the Contract on the Most Economically Advantageous Tender (MEAT) and a price/quality split of 50%/50% will apply. The bidders' solutions will be measured against the evaluation criteria, sub-criteria and weightings set by the Council. The Council will discuss with the bidders how each of the outcomes will be measured during the procurement process.
- 6.6 The contract will give due consideration, during the formulation of the contract and the procurement documents, to the development of a concise set of Key Performance Indicators (KPIs) which focus on the strategic aspects of the services and enable effective contract management activities. The new Contract will be largely self-monitoring and guided by the use of effective technology to measure performance. A payment and performance mechanism which is based on good contract management principles will be included in the contract. A concise number of KPIs, focusing on the strategic aspects of the services, will be an efficient means of measuring performance and effective in driving service improvement where needed. The Council will continue to have the adequate instruments to deal with poor performance during the contract.

7.0 Indicative timetable

- 7.1 Subject to the approval of the strategic direction outlined in Business Case by Cabinet, the implementation of the procurement is in accordance with the following indicative timetable.
- 7.2 Contract notice in the Official Journal of the European Union (OJEU) in published in October 2019. Potential providers may express a request to participate in the opportunity and complete the Selection Questionnaire (SQ). The submissions will be evaluated and those organisations which have demonstrated adequate economic and financial standing, technical and professional abilities will be selected to progress. It is also anticipated that leaseholder consultation will commence at this stage of the process.
- 7.3 The main stages of the Competitive Dialogue process will then start. A two-stage Competitive Dialogue process, consisting of: Invitation to Submit Detailed Solutions (ISDS) followed by Invitation to Submit Final Tenders (ISFT) if selected. The consecutive stages will be used to reduce the number of bidders by applying the award criteria and until the Council has identified the solutions which are capable of meeting its needs. It is envisaged that this process will start in October 2019/November 2019 and conclude in the summer of 2020. Following submission of the final solutions, officers and their advisors will carry out an evaluation to determine the preferred bidder. The Cabinet report will then be developed and it is anticipated that the award of the contract will take place in summer 2020.

The mobilisation of the services will commence and officers are mindful that adequate timeframe is necessary to ensure that the new contractor can prepare for the delivery of the new services from the start of the new Contract in August 2021. Services will be migrated into the new integrated contract from this date, starting with all cleansing functions (streets, housing estates & gullies) and waste collection services followed by tree maintenance, horticultural services and winter maintenance in October 2021.

8.0 Planning for successful delivery

8.1 The proposed governance structure for a project of this scale and complexity will be:

- Cabinet
- Theme Board (Places)
- Senior Leadership Team
- Public Realm Transformation (PRT) Board
- Project Team

8.2 The PRT Board will manage and agree the programme outcomes. Strong and effective representation of all relevant areas is necessary and subject matter experts attend both the Public Realm Transformation Board and the Project Team. The Council has also secured relevant external support in the critical areas of project management, technical, procurement and legal functions.

REASONS AND OPTIONS

9.0 Reasons for the decision:

9.1 The recommended option for the future delivery of the Public Realm services is to procure an Integrated Public Realm Services Contract.

9.2 The Outsourcing option is capable of delivering the “best” balance of benefits and risks:

- A well understood solution with predictable implementation costs and timetable.
- The ability to transfer most of the financial risks to the selected contractor.
- The opportunity to attract competition during the procurement process to secure best value and achieve the savings target of £500k.
- The ability to maximise market innovation to secure a contract which is fit for the future.

9.3 The procurement of an integrated contract achieves some of the following benefits:

- Reducing demarcation inefficiencies and conflicts at the interface of service delivery.
- Increased operatives' accountability and more collaborative working.
- Improved co-ordination and sharing of resources.
- Efficiencies in the client management structures.
- Increased value of the potential contract to the market which could lead to improved competition and better demonstration of best value.

9.4 The Council has a legal obligation to tender contracts of this value. It also provides an opportunity to demonstrate that the Council is obtaining best value for money by carrying out an open and transparent process and engaging with the market. The competitive tension provided through a procurement process incentivises innovation and reduces costs.

10.0 Other options considered:

10.1 PRT Board considered options for the future service delivery model and to achieve the strategic outcomes.

The selection of the options was mainly driven by the following considerations:

- The nature of the services in scope.
- The solutions available, taking into account existing and new ways of working, re-design of the business process and configuration.
- The availability of service providers, ranging from within the organisation to external service providers.
- The ability of the supply side to deliver the required services within the constraints of delivery timeframe, the option of phasing the introduction of the services over time.

10.2 The three options identified for a more detailed review were:

10.2.1 Option 1: Contracting Out (Outsourcing).

The option of "Contracting Out the services" through a procurement process was considered and taken forward for additional analysis. This option was considered viable given the Council's aspiration to deliver an integrated solution for the entirety of the Public Realm services.

10.2.2 Option 2: Combination of keeping and bringing the services in-house.

The option of “Insourcing the services” was considered and taken forward for additional analysis. This option was considered viable given the Council’s aspiration to deliver an integrated solution for the entirety of the Public Realm services.

10.2.3 Option 3: Setting up a Local Authority Company.

The option of “Delivering the services through a LAC” was considered and taken forward for additional analysis. This option was considered viable given the Council’s aspiration to deliver an integrated solution for the entirety of the Public Realm services.

10.3 Officers engaged external consultants to carry out a detailed review of the three shortlisted commissioning options.

10.4 The three commissioning options were appraised against the following two criteria:

- cost modelling and financial assessment, and
- assessment of qualitative factors and risks.

11.0 Cost Modelling and Financial Assessment

11.1 The financial modelling undertaken allows the Council to understand the comparative cost of each commissioning option. By using current service costs as a baseline position, the consultants modelled the impact of the main cost parameters under each option (such as the pension contribution costs, corporate overhead and profit). The additional savings that could be achieved as a result of an integrated contract, given the information provided by the market during the preliminary market engagement, was also modelled.

11.2 The financial output concluded that:

- There are very small cost differences between the options.
- The integration of the services delivers better value for money compared to the current arrangement of having a combination of delivery models in place as outlined in Appendix 2 (exempt).

12.0 Assessment of qualitative factors and risks

12.1 The qualitative and risk component aims to establish the risk appetite towards different commissioning options, in common risk categories such as: the control and ability to make changes, the degree of financial risk transfer, the operational and reputational risks, and the demonstration of best value.

12.2 The assessment of the options concluded that there is a strong preference for Outsourcing the services as part of an integrated contract.

- Demonstrating best value. The process of going out to market was identified as a key way of ensuring costs are kept competitive while benefiting from innovation and best practice that the private sector can offer.
- Control and ability to change. The ability to exert a level of control over the contract through well executed contract management and KPI's was considered a significant factor favouring the Outsourcing commissioning route.
- Operational risk. The Council would be able to transfer operational risk onto a contractor who is better placed to deal with relevant risks.

12.3 Financial Risk: The Council will benefit from an improved, albeit relative, financial certainty compared to an in-house or LAC options.

IMPLICATIONS AND RISKS

13.0 Financial implications and risks:

13.1 Savings

The likely financial savings to be made by outsourcing these services as outlined in Appendix 2 (exempt) should exceed the MTFS requirements (£300K in 2021/22 and £200K in 2022/23). The expectation is that savings made through the programme should also recover the costs to implement the programme and offset any relevant fixed overheads which will need to be reapportioned to services outside of Environment. Savings made over and above the MTFS requirement and programme implementation costs are to remain with the Public Realm service to ensure the smooth transition of service from contractor to contractor (where applicable) and from in-house provision to the contracted service. This situation will be reviewed after the first complete year of contracted operations.

13.2 Vehicles

Outsourcing in-house services will leave the council with a surplus of vehicles mainly from grounds maintenance, cleansing and gully cleansing services. These vehicles are internally leased from transport. Some vehicles have shorter leases than others. A few vehicles may be transferred to the incoming contractor while the remainder will be disposed of through auction. Appendix 2 outlines the estimated residue lease costs outstanding at the

point of transfer. Vehicles auctioned will mitigate against the outstanding balance owed, clearing the debt. This will then end financial interest in the vehicles. Any surplus money generated or shortfall would be credited/debited to the service.

There will also be a financial impact to other council services that currently support Public Realm delivery. As vehicles will no longer be required through or maintained through the Council's workshops, non-controllable overheads will need to be reallocated to other Council services that continue to have their fleet serviced and maintained through workshops (as outlined in Appendix 2). The expectation is that these reapportioned costs will be met from the savings. However there are also likely to be savings from budgets outside of Public Realm that will offset this cost, also outlined in Appendix 2.

13.3 Performance Management

A new client team is to be created to manage the contract. There is already a Client team to manage waste collection, weed contractor and tree maintenance. The number of staff required to manage the integrated contract will be slightly expanded to manage/client additional functions and services, namely cleansing and grounds maintenance. The intention is that this will be done within existing budgets, outlined in Appendix 2. Should it be determined that additional resources are needed in the Client Team the expectation is that these will be met from the savings

13.4 Risks

There are a few financial risks associated to this programme; if the predicted savings are not made, the MTFs will not be satisfied. However all indications suggest the required savings will be made. In the event that this is not the case, this will be clearly outlined in a future report to Cabinet. The vehicles auctioned may not clear the balance, and the service's budget will be put under pressure. An estimate will be made on the auction value of the vehicles nearer to the time of award, and included in a cost matrix in the Cabinet report outlining award in the summer of 2020. Cabinet has the final decision to award a contract or not.

14.0 Legal implications and risks:

- 14.1 The Council is under a number a statutory duties to provide a lot of the services detailed within this report which are the subject of transfer. Amongst these the Highways Act 1980 provides in s41 that a Highway Authority must maintain a public highway and that includes a requirement to keep it clean and free from obstructions. The Council is also a principal litter authority under the Environmental Protection Act 1990. Under the Landlord and Tenant Act 1985, the long leases it grants to long leaseholders and the Housing Act 1980 the Council has various obligations to its long leaseholders and secure tenants to maintain and clean estate blocks and

common areas. Some arrangements will require appropriate consultation during the procurement stages.

14.2 The Council is required to procure this above threshold services contract under Public Contract Regulations 2015. This report and its appendices detail the procurement strategy officers have developed with the aid of an external consultant. Pursuant to Reg 40 PCR 2015, the Council conducted preliminary market consultation before commencing the procurement procedure via soft market testing meetings and previous know how. In accordance with Reg 26 (Choice of Procedures) PCR 2015 the PRT Board agreed the Competitive Dialogue (CD) procedure.

14.3 The Council may use the CD procedure in circumstances where any one or more of the grounds set out in Reg 26(4) PCR 2015 exist(s):

- (i) the needs of the contracting authority cannot be met without adaptation of readily available solutions;
- (ii) the services include design or innovative solutions; and
- (iii) the technical specifications cannot be established with sufficient precision by the contracting authority with reference to a standard, European Technical Assessment, common technical specification or technical reference. To enable develop a solution best suited to the locality.

14.4 Reg 46(2) PCR 2015 requires the Council to provide an indication of the main reasons for their decision not to subdivide into lots. The reasons must be included in the procurement documents or in reports such as this report and its appendices drawn up under Reg 84(1) PCR 2015).

14.5 The Council has a legal obligation to ensure due diligence and appropriate consultation for the Council's staff that are to be transferred through the Transfer of Undertakings (Protection of Employment) Regulations 2006(TUPE). Officers are developing what will translate to a detailed mobilisation which will include the staggered transfer of its staff and staff of 3rd party contractors at the end of their contracts to the newly procured contractor post contract award. The pensions arrangements have been considered and the Council will seek either admission to its own pension fund or alternatively any new contractor will be required to provide a broadly comparable fund under the pensions regulations.

15.0 Human Resources implications and risks:

15.1 The in-house services to be included in this procurement are grounds maintenance, gully cleansing, elements of parks development and street cleansing. These services employ 162 staff directly, with additional seasonal agency workers as required. HR has been involved in this programme from

an early stage, and are represented on the PRT Board. They will continue to offer guidance on staffing matters throughout this programme.

- 15.2 The Council employees would be TUPE transferred to the winning contractor in a controlled manner, in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 and their terms and conditions protected.
- 15.3 The Council would also ensure it facilitates regarding current contractors staff subject to a TUPE transfer to the new contractor.
- 15.4 Transferring employees' pensions will be safeguarded; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS). The Pensions Service has indicated that if the correct conditions are met, this is an acceptable outcome. The Contract will include provisions regarding pensions risk sharing and the admission to the LGPS would be subject to the execution of the contractor admission agreement. There are risks around the employer contribution rate payable into the LGPS Fund for the eligible employees and dealing with any deficit or surplus of the LGPS Fund at the cessation of the Contract. These legal matters will be subject to negotiation with the market during the procurement process.
- 15.5 If this report is agreed, the Council intend to undertake three change management programmes to ensure the Council is best placed to manage the future contract. These are:
 - 15.5.1 Creating a robust client team. There is already a Client team to manage the waste collection, weed control and tree maintenance contracts. A new team will be created reflecting the skills, knowledge and experience necessary to client the new contract.
 - 15.5.2 Current caretaking staff clean and maintain the internal and external features of housing estates. Only the external cleaning functions are to be included in the contract. The change management programme will assign posts and functions to internal and external functions
 - 15.5.3 Some posts that are in the Park Development team are likely to be assigned to the TUPE list; others will not as they will remain directly employed by the Council to deliver internal requirements.
- 15.6 The Council's change management process will be followed in each case, with the reviews taking place over the coming months. Any indirect Restructure which become apparent following this Transformation Programme will be managed through the Councils Change Management process.
- 15.7 This may be an unsettling time for staff. Managers have kept staff and Trade Unions updated, and will continue to keep them informed as the programme

progresses. Support will continue to be offered to all staff through the Employee Assistance Programme. Formal consultation with Trade Unions and staff will commence at the appropriate time. Due diligence will be taken accordingly to mitigate against the risk of challenge that may be made, and an Equalities Impact Assessment (EqIA) has been conducted.

- 15.8 The tree maintenance, waste and recycling collection services, trunk road cleansing and weed control services are already outsourced. The Council has limited responsibilities with the regard to the TUPE process for these staff, but will endeavour to ensure due diligence as it is the Council's best interest to ensure that this progresses smoothly, to ensure services are not affected and there is a smooth transition (if an incumbent is not awarded the contract) from one provider to another.

16. Equalities implications and risks:

- 16.1 Appendix 3 outlines the detail of the Equalities Impact Assessment (EqIA). As outlined above 162 full-time staff directly in current in-house services. It is unlikely that there would be any specific individual impacts to any particular characteristic or group of staff.

BACKGROUND PAPERS



CABINET

Subject Heading:**Public Realm Transformation****Cabinet Member:**

Cllr. Dervish

SLT Lead:

Sue Harper, Director of Neighbourhoods

Report Author and contact details:

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Policy context:

This decision supports the Corporate Plan, especially 'A Great Place to Live' as outlined in the Places theme

Financial summary:

There is a MTFS requirement to save £500k It is projected the £300K will be realised in 2021/22 with the remaining £200K delivered in 2022/23.

Is this a Key Decision?

Financial impact: Saving of over £500k over the life of the contract...

Significant effect on two or more Wards

When should this matter be reviewed?

18 September 2019

Reviewing OSC:

Environment

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering

☐
☒

Opportunities making Havering
Connections making Havering

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SUMMARY

1. The report sets out the details of the Business Case and the Procurement Strategy for the Integrated Public Realm Services Contract (Contract), and the rationale behind the proposed new service delivery model.
2. The procurement of the new Contract contributes to achieving a number of the Council's objectives. The aim for the new Contract is to improve the delivery of the services through an integrated approach. This in turn will improve the way in which Havering looks and feels. Helping residents feel better about their surroundings whilst contributing to the Council's savings programme.
3. Preliminary market engagement with a wide range of providers showed a strong interest in this opportunity because of the services potentially in scope and the approach demonstrated by the Council. It also gave useful guidance on the market's ability to maximise the quality standards and minimise the cost of service delivery.
4. Three main service delivery models have been evaluated in detail.
 - Outsourcing: conduct a procurement exercise and engage an external contractor to deliver the Public Realm services.
 - In-house: keeping and bringing all the services in-house so that the Public Realm services are delivered directly by employees of the council.
 - Local Authority Company (LAC): deliver the Public Realm services through a LAC (commonly referred to as a Teckal company), either by setting up a new company or use an existing company founded by the Council to deliver the services.
5. A detailed analysis of the risks, benefits and potential savings concluded that the Outsourcing option (at exempt Appendix 1) should be the preferred service delivery model going forward.

RECOMMENDATIONS

1. Cabinet is asked to:

Review and approve exempt Appendix 1: Business Case for the Public Realm Transformation and future delivery of Public Realm services to meet Council priorities and the optimum delivery option(s) which includes:

- The case for change and the considerations for the various options assessed.
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- Strategic Outcome 2: Make Havering a cleaner and tidier place.
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- Better commissioning, procurement and project management. Officers have designed a robust governance and control framework for the implementation of the Programme and have secured the project management, technical, procurement and legal support, which represent the critical functions for the success of the Programme.
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- Benefits optimisation. The outsourcing solution optimises the delivery of the strategic outcomes and the achievement of the project's benefits, both qualitative and quantitative.
- Affordability. The procurement of the new Contract will achieve the efficiency savings of £500k as established in the MTFS. This target will be achieved through a combination of: design of technical, financial, commercial and legal documents which aim to achieve the right balance of standards, performance management and risk allocation. In addition, officers will be able to dialogue and negotiate with the bidders during the procurement process all relevant aspects of the Contract to mitigate the risk that the award of the new Contract is not affordable.
- Potential achievability. The outsourcing solution will offer the best opportunity to the Council to innovate, adapt and introduce new ways of working as a result of the market intervention and contribution to the design of the requirements for the new Contract.

- Supply side capacity and capability. The procurement of the new Contract falls within a busy pipeline of opportunities, therefore the design of an attractive procurement process will be paramount to securing market's interest and competition. There is established market maturity in the delivery of similar contracts (scope, value, geography, risk); therefore there is no risk in relation to the market's ability to deliver the required services.

6.0 The Commercial Case

- 6.1 The implementation of the Business Case to deliver the preferred service delivery model will be supported by a detailed Procurement Strategy, which Cabinet is required to approve.
- 6.2 The decisions in the Procurement Strategy have been formulated taking into account of both officers' considerations and the market's perspective, given that officers undertook preliminary market engagement with a wide range of providers.
- 6.3 The PRT Board has selected the Competitive Dialogue (CD) procedure to undertake the procurement of the new Contract. This procedure is best selected when the technical specification cannot be defined with precision and when the requirements may necessitate and involve innovative solutions which can be best delivered with the input of the market. As the Council is proposing to create a new integrated contract for the Public Realm services, the CD procedure offers significant flexibility, as the Council can continue with the process until it is satisfied that a solution (or solutions) that is capable of meeting the needs has been identified. An 'outcome-based' specification, which informs bidders of the service standards that must be met but not the methods of delivery needed to achieve these outcomes, is required. This gives bidders greater flexibility to decide how and when to deliver the services and encourages innovation. The contract will seek prices to deliver services as they are currently delivered but will also seek prices for separate recycling methods, especially food waste collection, and refuse containerisation to ensure the flexibility to introduce these options in the future should legislation require. Based on their experience of delivering similar services across the country and beyond, bidders will have different approaches on how to achieve each of the Council's outcomes.
- 6.4 The new Contract will be awarded for an initial period of 8 years, with the option for the Council to extend for up to a further 8 years, the duration of which may range from 1 year to 8 years, with no lower or upper limit to the number of extensions the Council can arrange, subject to not exceeding the maximum contract length of 16 years (initial contract term plus all extensions). The flexibility built into the extension provisions will allow the Council to adapt to future service changes, including possible changes in waste collection requirements when the East London Waste Authority's (ELWA) waste disposal contract ends (due to expire in 2027), innovation, new technologies, new legislation, financial pressures, and whether to

continue or retender the contract depending on contractor performance and the Council's long-term strategy.

- 6.5 The Council will base the award of the Contract on the Most Economically Advantageous Tender (MEAT) and a price/quality split of 50%/50% will apply. The bidders' solutions will be measured against the evaluation criteria, sub-criteria and weightings set by the Council. The Council will discuss with the bidders how each of the outcomes will be measured during the procurement process.
- 6.6 The contract will give due consideration, during the formulation of the contract and the procurement documents, to the development of a concise set of Key Performance Indicators (KPIs) which focus on the strategic aspects of the services and enable effective contract management activities. The new Contract will be largely self-monitoring and guided by the use of effective technology to measure performance. A payment and performance mechanism which is based on good contract management principles will be included in the contract. A concise number of KPIs, focusing on the strategic aspects of the services, will be an efficient means of measuring performance and effective in driving service improvement where needed. The Council will continue to have the adequate instruments to deal with poor performance during the contract.

7.0 Indicative timetable

- 7.1 Subject to the approval of the strategic direction outlined in Business Case by Cabinet, the implementation of the procurement is in accordance with the following indicative timetable.
- 7.2 Contract notice in the Official Journal of the European Union (OJEU) in published in October 2019. Potential providers may express a request to participate in the opportunity and complete the Selection Questionnaire (SQ). The submissions will be evaluated and those organisations which have demonstrated adequate economic and financial standing, technical and professional abilities will be selected to progress. It is also anticipated that leaseholder consultation will commence at this stage of the process.
- 7.3 The main stages of the Competitive Dialogue process will then start. A two-stage Competitive Dialogue process, consisting of: Invitation to Submit Detailed Solutions (ISDS) followed by Invitation to Submit Final Tenders (ISFT) if selected. The consecutive stages will be used to reduce the number of bidders by applying the award criteria and until the Council has identified the solutions which are capable of meeting its needs. It is envisaged that this process will start in October 2019/November 2019 and conclude in the summer of 2020. Following submission of the final solutions, officers and their advisors will carry out an evaluation to determine the preferred bidder. The Cabinet report will then be developed and it is anticipated that the award of the contract will take place in summer 2020.

The mobilisation of the services will commence and officers are mindful that adequate timeframe is necessary to ensure that the new contractor can prepare for the delivery of the new services from the start of the new Contract in August 2021. Services will be migrated into the new integrated contract from this date, starting with all cleansing functions (streets, housing estates & gullies) and waste collection services followed by tree maintenance, horticultural services and winter maintenance in October 2021.

8.0 Planning for successful delivery

8.1 The proposed governance structure for a project of this scale and complexity will be:

- Cabinet
- Theme Board (Places)
- Senior Leadership Team
- Public Realm Transformation (PRT) Board
- Project Team

8.2 The PRT Board will manage and agree the programme outcomes. Strong and effective representation of all relevant areas is necessary and subject matter experts attend both the Public Realm Transformation Board and the Project Team. The Council has also secured relevant external support in the critical areas of project management, technical, procurement and legal functions.

REASONS AND OPTIONS

9.0 Reasons for the decision:

9.1 The recommended option for the future delivery of the Public Realm services is to procure an Integrated Public Realm Services Contract.

9.2 The Outsourcing option is capable of delivering the “best” balance of benefits and risks:

- A well understood solution with predictable implementation costs and timetable.
- The ability to transfer most of the financial risks to the selected contractor.
- The opportunity to attract competition during the procurement process to secure best value and achieve the savings target of £500k.
- The ability to maximise market innovation to secure a contract which is fit for the future.

9.3 The procurement of an integrated contract achieves some of the following benefits:

- Reducing demarcation inefficiencies and conflicts at the interface of service delivery.
- Increased operatives' accountability and more collaborative working.
- Improved co-ordination and sharing of resources.
- Efficiencies in the client management structures.
- Increased value of the potential contract to the market which could lead to improved competition and better demonstration of best value.

9.4 The Council has a legal obligation to tender contracts of this value. It also provides an opportunity to demonstrate that the Council is obtaining best value for money by carrying out an open and transparent process and engaging with the market. The competitive tension provided through a procurement process incentivises innovation and reduces costs.

10.0 Other options considered:

10.1 PRT Board considered options for the future service delivery model and to achieve the strategic outcomes.

The selection of the options was mainly driven by the following considerations:

- The nature of the services in scope.
- The solutions available, taking into account existing and new ways of working, re-design of the business process and configuration.
- The availability of service providers, ranging from within the organisation to external service providers.
- The ability of the supply side to deliver the required services within the constraints of delivery timeframe, the option of phasing the introduction of the services over time.

10.2 The three options identified for a more detailed review were:

10.2.1 Option 1: Contracting Out (Outsourcing).

The option of "Contracting Out the services" through a procurement process was considered and taken forward for additional analysis. This option was considered viable given the Council's aspiration to deliver an integrated solution for the entirety of the Public Realm services.

10.2.2 Option 2: Combination of keeping and bringing the services in-house.

The option of “Insourcing the services” was considered and taken forward for additional analysis. This option was considered viable given the Council’s aspiration to deliver an integrated solution for the entirety of the Public Realm services.

10.2.3 Option 3: Setting up a Local Authority Company.

The option of “Delivering the services through a LAC” was considered and taken forward for additional analysis. This option was considered viable given the Council’s aspiration to deliver an integrated solution for the entirety of the Public Realm services.

10.3 Officers engaged external consultants to carry out a detailed review of the three shortlisted commissioning options.

10.4 The three commissioning options were appraised against the following two criteria:

- cost modelling and financial assessment, and
- assessment of qualitative factors and risks.

11.0 Cost Modelling and Financial Assessment

11.1 The financial modelling undertaken allows the Council to understand the comparative cost of each commissioning option. By using current service costs as a baseline position, the consultants modelled the impact of the main cost parameters under each option (such as the pension contribution costs, corporate overhead and profit). The additional savings that could be achieved as a result of an integrated contract, given the information provided by the market during the preliminary market engagement, was also modelled.

11.2 The financial output concluded that:

- There are very small cost differences between the options.
- The integration of the services delivers better value for money compared to the current arrangement of having a combination of delivery models in place as outlined in Appendix 2 (exempt).

12.0 Assessment of qualitative factors and risks

12.1 The qualitative and risk component aims to establish the risk appetite towards different commissioning options, in common risk categories such as: the control and ability to make changes, the degree of financial risk transfer, the operational and reputational risks, and the demonstration of best value.

12.2 The assessment of the options concluded that there is a strong preference for Outsourcing the services as part of an integrated contract.

- Demonstrating best value. The process of going out to market was identified as a key way of ensuring costs are kept competitive while benefiting from innovation and best practice that the private sector can offer.
- Control and ability to change. The ability to exert a level of control over the contract through well executed contract management and KPI's was considered a significant factor favouring the Outsourcing commissioning route.
- Operational risk. The Council would be able to transfer operational risk onto a contractor who is better placed to deal with relevant risks.

12.3 Financial Risk: The Council will benefit from an improved, albeit relative, financial certainty compared to an in-house or LAC options.

IMPLICATIONS AND RISKS

13.0 Financial implications and risks:

13.1 Savings

The likely financial savings to be made by outsourcing these services as outlined in Appendix 2 (exempt) should exceed the MTFS requirements (£300K in 2021/22 and £200K in 2022/23). The expectation is that savings made through the programme will cover both the MTFS savings of £500k, and any other relevant fixed overhead costs (i.e. workshop fixed overhead costs), which will need to be reapportioned to services outside of Environment.

13.2 Vehicles

Outsourcing in-house services will leave the council with a surplus of vehicles mainly from grounds maintenance, cleansing and gully cleansing services. These vehicles are internally leased from transport. Some vehicles have shorter leases than others. A few vehicles may be transferred to the incoming contractor while the remainder will be disposed of through auction. Appendix 2 outlines the estimated residue lease costs outstanding at the point of transfer.

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13.3 Performance Management

A new client team is to be created to manage the contract. There is already a Client team to manage waste collection, weed contractor and tree maintenance. The number of staff required to manage the integrated contract will be slightly expanded to manage/client additional functions and services, namely cleansing and grounds maintenance. The intention is that this will be done within existing budgets, outlined in Appendix 2. Should it be determined that additional resources are needed in the Client Team the expectation is that these will be met from the savings made above the MTFS savings (£500k) requirement, as outlined in Appendix 2.

13.4 Risks

There are a few financial risks associated to this programme; if the predicted savings are not made, the MTFS will not be satisfied. However all indications suggest the required savings will be made. In the event that this is not the case, this will be clearly outlined in a future report to Cabinet. The vehicles auctioned may not clear the balance, and the service's budget will be put under pressure. An estimate will be made on the auction value of the vehicles nearer to the time of award, and included in a cost matrix in the Cabinet report outlining award in the summer of 2020. Cabinet has the final decision to award a contract or not.

14.0 Legal implications and risks:

14.1 The Council is under a number a statutory duties to provide a lot of the services detailed within this report which are the subject of transfer. Amongst these the Highways Act 1980 provides in s41 that a Highway Authority must maintain a public highway and that includes a requirement to keep it clean and free from obstructions. The Council is also a principal litter authority under the Environmental Protection Act 1990. Under the Landlord and Tenant Act 1985, the long leases it grants to long leaseholders and the Housing Act 1980 the Council has various obligations to its long leaseholders and secure tenants to maintain and clean estate blocks and common areas. Some arrangements will require appropriate consultation during the procurement stages.

14.2 The Council is required to procure this above threshold services contract under Public Contract Regulations 2015. This report and its appendices detail the procurement strategy officers have developed with the aid of an external consultant. Pursuant to Reg 40 PCR 2015, the Council conducted preliminary market consultation before commencing the procurement procedure via soft market testing meetings and previous know how. In accordance with Reg 26 (Choice of Procedures) PCR 2015 the PRT Board agreed the Competitive Dialogue (CD) procedure.

14.3 The Council may use the CD procedure in circumstances where any one or more of the grounds set out in Reg26(4) PCR 2015 exist(s):

- (i) the needs of the contracting authority cannot be met without adaptation of readily available solutions;
- (ii) the services include design or innovative solutions; and
- (iii) the technical specifications cannot be established with sufficient precision by the contracting authority with reference to a standard, European Technical Assessment, common technical specification or technical reference. To enable develop a solution best suited to the locality.

14.4 Reg 46(2) PCR 2015 requires the Council to provide an indication of the main reasons for their decision not to subdivide into lots. The reasons must be included in the procurement documents or in reports such as this report and its appendices drawn up under Reg 84(1) PCR 2015).

14.5 The Council has a legal obligation to ensure due diligence and appropriate consultation for the Council's staff that are to be transferred through the Transfer of Undertakings (Protection of Employment) Regulations 2006(TUPE). Officers are developing what will translate to a detailed mobilisation which will include the staggered transfer of its staff and staff of 3rd party contractors at the end of their contracts to the newly procured contractor post contract award. The pensions arrangements have been considered and the Council will seek either admission to its own pension fund or alternatively any new contractor will be required to provide a broadly comparable fund under the pensions regulations.

15.0 Human Resources implications and risks:

15.1 The in-house services to be included in this procurement are grounds maintenance, gully cleansing, elements of parks development and street cleansing. These services employ 162 staff directly, with additional seasonal agency workers as required. HR has been involved in this programme from an early stage, and is represented on the PRT Board. They will continue to offer guidance on staffing matters throughout this programme.

15.2 The Council employees would be TUPE transferred to the winning contractor in a controlled manner, in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 and their terms and conditions protected.

15.3 The Council would also ensure it facilitates regarding current contractors staff subject to a TUPE transfer to the new contractor.

15.4 Transferring employees' pensions will be safeguarded; soft market testing indicated that all contractors are very likely to seek admission to the Local

Government Pension Scheme (Admitted Body Status (ABS). The Pensions Service has indicated that if the correct conditions are met, this is an acceptable outcome. The Contract will include provisions regarding pensions risk sharing and the admission to the LGPS would be subject to the execution of the contractor admission agreement. There are risks around the employer contribution rate payable into the LGPS Fund for the eligible employees and dealing with any deficit or surplus of the LGPS Fund at the cessation of the Contract. These legal matters will be subject to negotiation with the market during the procurement process.

15.5 If this report is agreed, the Council intend to undertake three change management programmes to ensure the Council is best placed to manage the future contract. These are:

15.5.1 Creating a robust client team. There is already a Client team to manage the waste collection, weed control and tree maintenance contracts. A new team will be created reflecting the skills, knowledge and experience necessary to client the new contract.

15.5.2 Current caretaking staff clean and maintain the internal and external features of housing estates. Only the external cleaning functions are to be included in the contract. The change management programme will assign posts and functions to internal and external functions

15.5.3 Some posts that are in the Park Development team are likely to be assigned to the TUPE list; others will not as they will remain directly employed by the Council to deliver internal requirements.

15.6 The Council's change management process will be followed in each case, with the reviews taking place over the coming months. Any indirect Restructure which become apparent following this Transformation Programme will be managed through the Council's Change Management process.

15.7 This may be an unsettling time for staff. Managers have kept staff and Trade Unions updated, and will continue to keep them informed as the programme progresses. Support will continue to be offered to all staff through the Employee Assistance Programme. Formal consultation with Trade Unions and staff will commence at the appropriate time. Due diligence will be taken accordingly to mitigate against the risk of challenge that may be made, and an Equalities Impact Assessment (EqIA) has been conducted.

15.8 The tree maintenance, waste and recycling collection services, trunk road cleansing and weed control services are already outsourced. The Council has limited responsibilities with the regard to the TUPE process for these staff, but will endeavour to ensure due diligence as it is the Council's best interest to ensure that this progresses smoothly, to ensure services are not affected and there is a smooth transition (if an incumbent is not awarded the contract) from one provider to another.

16. Equalities implications and risks:

- 16.1 Appendix 3 outlines the detail of the Equalities Impact Assessment (EqIA). As outlined above 162 full-time staff directly in current in-house services. It is unlikely that there would be any specific individual impacts to any particular characteristic or group of staff.

BACKGROUND PAPERS

Equality & Health Impact Assessment (EqHIA)

Document control

Title of activity:	Public Realm Transformation
Lead officer:	Peter Gay, Project Manager, Public Realm, Neighbourhoods.
Approved by:	Paul Ellis, Group Manager, Public Realm, Neighbourhoods
Date completed:	15/08/2019
Scheduled date for review:	16/08/2019

Did you seek advice from the Corporate Policy & Diversity team?	Yes / No
Did you seek advice from the Public Health team?	Yes / No
Does the EqHIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?	Yes / No

1. Equality & Health Impact Assessment Checklist

Please complete the following checklist to determine whether or not you will need to complete an EqHIA and ensure you keep this section for your audit trail. If you have any questions, please contact EqHIA@havering.gov.uk for advice from either the Corporate Diversity or Public Health teams. Please refer to the Guidance in Appendix 1 on how to complete this form.

About your activity

1	Title of activity	Public Realm Transformation		
2	Type of activity	Deliver of Public Realm Services under one outsourced contract		
3	Scope of activity	<p>During the past 18 months the Council has been looking at the way it delivers its Public Realm services. After undertaking analysis of the service, a Business Case was produced that outlines the preferred option. This option is to create one intergraded contract to deliver the following services that are currently delivered in-house:</p> <p>caretaking (housing estate cleansing, external areas only) grounds maintenance gully cleansing elements of parks development and gate locking street cleansing winter maintenance</p> <p>The contract would also deliver tree maintenance, waste and recycling collection and weed control, services that are already outsourced.</p> <p>A report outlining the Business Case for this option is being presented to Cabinet on 18 September 2019. If the recommendation to agree the Business Case is accepted, and award of contract agreed in 2021 by Cabinet too, up to 162 staff currently working directly for Council will be transferred to a contractor during 2021.</p>		
4a	Are you changing, introducing a new, or removing a service, policy, strategy or function?	Yes / No	If the answer to <u>any</u> of these questions is 'YES', please continue to question 5.	If the answer to <u>all</u> of the questions (4a, 4b & 4c) is 'NO', please go to question 6.
4b	Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?	Yes / No		

4c	Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?	Yes / No		
5	If you answered YES:	Please complete the EqHIA in Section 2 of this document. Please see Appendix 1 for Guidance.		
6	If you answered NO:			

Completed by:	Natalie Naor, Project Officer, Public Realm, Neighbourhoods
Date:	15/08/2019

2. The EqHIA – How will the strategy, policy, plan, procedure and/or service impact on people?

Background/context:
<p>The purpose of this Equalities Impact Assessment (EIA) is to:</p> <ul style="list-style-type: none"> • Undertake a thorough and systematic analysis of the effect of implementation of the proposed new operational model of the Public Realm on employees across the Council; • Determine the impact and what extent the Public Realm Transformation Programme has on particular groups of staff; • Assess the impact that will occur to minority groups or individuals when the programme is implemented; • Propose measures to mitigate, eliminate or counterbalance that impact; • Promote equality of opportunity. <p>Reference will be made to the following nine protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Sex/Gender • Ethnicity/Race • Religion/Faith • Sexual Orientation • Gender Reassignment • Marriage/Civil Partnership • Pregnancy, Maternity and Paternity

Staff and Trade Unions have been kept updated about the Public Realm Transformation Programme. The Council will continue to update Trade Unions and staff. If Cabinet agrees the new operating model for service delivery of Public Realm services, up to 162 staff could be subject to transfer to a new contractor. This number may decrease/increase as it is proposed that in-house services will not be transferred to a contractor until mid and late 2021, and there may be staff reductions/increases before then.

An EIA requires that consultation should be carried out with relevant interest groups. The proposed restructure is subject to consultation with the recognised Trade Unions and staff affected. The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) applies for these staff. The Council will ensure due diligence throughout the process, and consult appropriately.

During 2021 the Council will undertake another EIA of all staff that are on the TUPE lists to ensure there are no major discrepancies to data between now to then.

If Cabinet agree the Businesses Case (September 2018) and the contract award in 2021, 162 employees would be transferred from the council to a contractor. Based on the equality strands detailed in this assessment, the impact of the outsourcing is more likely to have a greater effect on some profiles compared to others. However there should be no negative impact to any of these groups as all staff within these services will be subject to transfer to the contractor regardless profile. All affected staff will be transferred and TUPE applies.

The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded too; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome. In the unlikely event that ABS is not granted/sought, all employees would be offered a comparable pension offering the same/very similar benefits instead.

Although the Council will provide anonymised TUPE data to support its procurement activities. The broader mechanism for the transfer of staff will be contained within the Mobilisation Plan. Where the information is not confidential, this information will be shared with staff and Trade Unions.

The Council will continuously monitor and oversee the transfer of staff from the Council to the contractor throughout the programme.

**Expand box as required*

Who will be affected by the activity?

The Public Realm Transformation Programme does not propose any post reductions and all affected staff will be subject to TUPE.

Reference is made to the following nine protected characteristics:

- Age
- Disability
- Sex/Gender
- Ethnicity/Race
- Religion/Faith
- Sexual Orientation
- Gender Reassignment

- Marriage/Civil Partnership
- Pregnancy, Maternity and Paternity

The tables below show the proportion of employees currently employed in the affected staff group and how this relates to the overall composition of the Council workforce.

There is no indication that the Public Realm Transformation Programme will adversely affect any strand of equality set out above. Savings need to be achieved to find efficiency and to streamline working practices. However, consideration to equality issues will be reviewed following the consultation process to establish if any equality strand is adversely affected. Actions the Council will take to mitigate against any adverse impact include :

- All affected staff will have:
 - Regular updates
 - Access to one to one meeting throughout the consultation period with Council managers
 - Access to the Employees Assistance Programme
 - Access to one to one meeting throughout the mobilisation period with Council managers and the incoming contractor's managers
- Trade Unions will be consulted and updated as appropriate

**Expand box as required*

Protected Characteristic - Age: Consider the full range of age groups

Please tick (✓) the relevant box:

Positive

Neutral

✓

Negative

Overall impact:

Category	Havering Corporate %	Public Realm (Havering)
Age		
Under 20	0.8%	0.0%
20-30 years	8.8%	6.9%
30-40 Years	18.9%	11.7%
40-50 Years	23.4%	21.8%
50-60 Years	32.1%	41.5%
60+	16.0%	18.1%

Age Profile – The age profiles of the affected groups indicate that over 63% of those that are in the over 40's age profile and above. The majority of those (41.5%) being aged between 50 and 60. Although this is an aging workforce (slightly higher percentage than the corporate average) the employees in this category should not be adversely affected as all staff will be transferred on their existing terms and conditions from the Council to a new contractor.

Expand box as required

Evidence:

The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded too; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this

is the likely outcome. In the unlikely event that ABS is not granted/sought, all employees would be offered a comparable pension offering the same/very similar benefits instead. The Council will not be seeking to harmonise terms and conditions with any prospective contractor prior to transfer. Therefore staff transferred to a contractor should continue to have the same benefits with a contractor that they currently have with the Council.

**Expand box as required*

Sources used:

Data was supplied the London Borough of Havering Human Resources department.

**Expand box as required*

Protected Characteristic - Disability: Consider the full range of disabilities; including physical mental, sensory and progressive conditions

Please tick (✓) the relevant box:

Positive

Neutral

✓

Negative

Overall impact:

Category	Havering Corporate %	Public Realm (Havering)
Disability		
Not Recorded	78.2%	85.1%
No	17.7%	8.5%
Yes	3.0%	3.7%
Prefer not to say	1.1%	2.7%

Disability Profile – Very few staff identify with a disability. Those that do (3.7%) will have these characteristics confidentially made know to the incoming contractor to ensure the right measures are in place for their continued employment with the new contractor. The Council will monitor this.

**Expand box as required*

Evidence:

Whilst any TUPE impact is less applicable here, all employers are obliged to adhere to the Equalities Act 2010.

**Expand box as required*

Sources used:

Data was supplied the London Borough of Havering Human Resources department.

**Expand box as required*

Protected Characteristic - Sex/gender: Consider both men and women

Please tick (✓) the relevant box:

Positive

Overall impact:

Neutral	✓	<table border="1"> <thead> <tr> <th>Category</th> <th>Havering Corporate %</th> <th>Public Realm (Havering)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Gender</td> </tr> <tr> <td>Female</td> <td>67.3%</td> <td>2.7%</td> </tr> <tr> <td>Male</td> <td>32.7%</td> <td>97.3%</td> </tr> </tbody> </table>	Category	Havering Corporate %	Public Realm (Havering)	Gender			Female	67.3%	2.7%	Male	32.7%	97.3%
Category	Havering Corporate %	Public Realm (Havering)												
Gender														
Female	67.3%	2.7%												
Male	32.7%	97.3%												
Negative		<p>Gender Profile – This review effects 162 people, of those people 97.3% identify as male and the other 2.7% identify as female. This is significantly different to the corporate averages. As TUPE applies all staff regardless to gender will be transferred.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>												
Evidence: <p>Whilst any TUPE impact is less applicable here, all employers must abide the Equalities Act 2010.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>														
Sources used: <p>Data was supplied the London Borough of Havering Human Resources department.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>														

Protected Characteristic - Ethnicity/race: Consider the impact on different ethnic groups and nationalities																				
Please tick (✓) the relevant box:		Overall impact:																		
Positive		<table border="1"> <thead> <tr> <th>Category</th> <th>Havering Corporate %</th> <th>Public Realm (Havering)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Ethnicity</td> </tr> <tr> <td>BME</td> <td>7.8%</td> <td>4.3%</td> </tr> <tr> <td>Non-BME</td> <td>47.3%</td> <td>72.9%</td> </tr> <tr> <td>Not Provided</td> <td>42.2%</td> <td>20.2%</td> </tr> <tr> <td>Prefer not to say</td> <td>2.7%</td> <td>2.7%</td> </tr> </tbody> </table>	Category	Havering Corporate %	Public Realm (Havering)	Ethnicity			BME	7.8%	4.3%	Non-BME	47.3%	72.9%	Not Provided	42.2%	20.2%	Prefer not to say	2.7%	2.7%
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Non-BME	47.3%		72.9%																	
Not Provided	42.2%	20.2%																		
Prefer not to say	2.7%	2.7%																		
Neutral	✓																			
Negative		<p>Ethnicity Profile – The percentage of Non-BME staff affected by the proposal is significantly higher with the wider council average. Again, there is no particular impact to this group.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>																		

<p>Evidence:</p> <p>Whilst any TUPE impact is less applicable here, all employers must abide the Equalities Act 2010.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
<p>Sources used:</p> <p>Data was supplied the London Borough of Havering Human Resources department.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>

Protected Characteristic - Religion/faith: Consider people from different religions or beliefs including those with no religion or belief																																							
Please tick (✓) the relevant box:		Overall impact:																																					
Positive	<input type="checkbox"/>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">Category</th> <th style="padding: 5px;">Havering Corporate %</th> <th style="padding: 5px;">Public Realm (Havering)</th> </tr> </thead> <tbody> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Religion</td> <td></td> <td></td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Buddhist</td> <td style="padding: 5px;">0.1%</td> <td style="padding: 5px;">0.5%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Christian</td> <td style="padding: 5px;">12.3%</td> <td style="padding: 5px;">6.9%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Hindu</td> <td style="padding: 5px;">0.2%</td> <td style="padding: 5px;">0.0%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Jewish</td> <td style="padding: 5px;">0.1%</td> <td style="padding: 5px;">0.0%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Muslim</td> <td style="padding: 5px;">0.2%</td> <td style="padding: 5px;">0.0%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">No Religion</td> <td style="padding: 5px;">5.8%</td> <td style="padding: 5px;">5.3%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Not Recorded</td> <td style="padding: 5px;">79.5%</td> <td style="padding: 5px;">86.2%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Other</td> <td style="padding: 5px;">1.4%</td> <td style="padding: 5px;">1.1%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Prefer not to say</td> <td style="padding: 5px;">0.1%</td> <td style="padding: 5px;">0.0%</td> </tr> <tr style="background-color: #f8d7da;"> <td style="padding: 5px;">Sikh</td> <td style="padding: 5px;">0.2%</td> <td style="padding: 5px;">0.0%</td> </tr> </tbody> </table> <p style="padding: 10px; margin-top: 10px;">Religion Profile – Records for this group are sparse with 86% of staff not recorded. The next highest group identified as ‘Christian’, at 7% and 5% with ‘no religion’. These figures are similar to the corporate averages too.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>		Category	Havering Corporate %	Public Realm (Havering)	Religion			Buddhist	0.1%	0.5%	Christian	12.3%	6.9%	Hindu	0.2%	0.0%	Jewish	0.1%	0.0%	Muslim	0.2%	0.0%	No Religion	5.8%	5.3%	Not Recorded	79.5%	86.2%	Other	1.4%	1.1%	Prefer not to say	0.1%	0.0%	Sikh	0.2%	0.0%
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Negative	<input type="checkbox"/>																																						

<p>Evidence:</p> <p>Whilst any TUPE impact is less applicable here, all employers must abide the Equalities Act 2010.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
<p>Sources used:</p> <p>Data was supplied the London Borough of Havering Human Resources department.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>

Protected Characteristic - Sexual orientation: Consider people who are heterosexual, lesbian, gay or bisexual

Please tick (✓) the relevant box:		Overall impact:																													
Positive		<table border="1"> <thead> <tr> <th>Category</th> <th>Havering Corporate %</th> <th>Public Realm (Havering)</th> </tr> </thead> <tbody> <tr> <td>Sexual Orientation</td> <td></td> <td></td> </tr> <tr> <td>Bi-Sexual</td> <td>0.1%</td> <td>0.0%</td> </tr> <tr> <td>Gay Man</td> <td>0.2%</td> <td>0.0%</td> </tr> <tr> <td>Heterosexual/Straight</td> <td>19.5%</td> <td>12.8%</td> </tr> <tr> <td>Gay Woman/Lesbian</td> <td>0.0%</td> <td>0.0%</td> </tr> <tr> <td>Not Recorded</td> <td>78.2%</td> <td>85.1%</td> </tr> <tr> <td>Other</td> <td>0.5%</td> <td>1.6%</td> </tr> <tr> <td>Prefer not to say</td> <td>1.4%</td> <td>0.5%</td> </tr> </tbody> </table> <p>Sexual Orientation Profile – Records for this group are sparse with 85% of staff not recorded. The next highest group identified as 'heterosexual/straight', at 13%. These figures are similar to the corporate averages too.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>			Category	Havering Corporate %	Public Realm (Havering)	Sexual Orientation			Bi-Sexual	0.1%	0.0%	Gay Man	0.2%	0.0%	Heterosexual/Straight	19.5%	12.8%	Gay Woman/Lesbian	0.0%	0.0%	Not Recorded	78.2%	85.1%	Other	0.5%	1.6%	Prefer not to say	1.4%	0.5%
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Neutral	✓																														
Negative																															

Evidence:

Whilst any TUPE impact is less applicable here, all employers must abide the Equalities Act 2010.

**Expand box as required*

Sources used:

Data was supplied the London Borough of Havering Human Resources department.

**Expand box as required*

Protected Characteristic - Gender reassignment: Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth

Please tick (✓) the relevant box:		Overall impact:								
Positive		<table border="1"> <thead> <tr> <th>Category</th> <th>Havering Corporate %</th> <th>Public Realm (Havering)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Category	Havering Corporate %	Public Realm (Havering)			
Category	Havering Corporate %				Public Realm (Havering)					
Neutral	✓									

Negative		Gender		
		Female	67.3%	2.7%
		Male	32.7%	97.3%
		There is no data available regarding gender reassignment within this workforce. Therefore, we can only base this assessment on reported gender identities. Gender – This review effects 162 people, of those people 97.3% identify as male and the other 2.7% identify as female. This is significantly different to the corporate averages. As TUPE applies all staff regardless to gender will be transferred.		
		*Expand box as required		
Evidence:				
The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded too; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome. In the unlikely event that ABS is not granted/sought, all employees would be offered a comparable pension offering the same/very similar benefits instead.				
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		*Expand box as required		
Sources used:				
Data was supplied the London Borough of Havering Human Resources department.				
		*Expand box as required		

Protected Characteristic - Marriage/civil partnership: Consider people in a marriage or civil partnership				
<i>Please tick (✓) the relevant box:</i>		Overall impact:		
Positive		<p>There is no indication that the Public Realm Transformation Programme will adversely affect any strand of equality set out in this impact assessment. Savings need to be achieved to find efficiency and to streamline working practices. However, consideration to equality issues will be reviewed following the consultation process to establish if any equality strand is adversely affected. Actions the Council will take to mitigate against any adverse impact include :</p> <ul style="list-style-type: none"> All affected staff will have: <ul style="list-style-type: none"> Regular updates Access to one to one meeting throughout the consultation period with Council managers Access to the Employees Assistance Programme Access to one to one meeting throughout the mobilisation period with Council managers and the incoming contractor's 		
Neutral	✓			
Negative				

		<p>managers</p> <p>Trade Unions will be consulted and updated as appropriate</p> <p><i>*Expand box as required</i></p>
<p>Evidence:</p> <p>The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded too; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome. In the unlikely event that ABS is not granted/sought, all employees would be offered a comparable pension offering the same/very similar benefits instead.</p> <p><i>*Expand box as required</i></p>		
<p>Sources used:</p> <p>Data was supplied the London Borough of Havering Human Resources department.</p> <p><i>*Expand box as required</i></p>		

Protected Characteristic - Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave		
Please tick (✓) the relevant box:		Overall impact:
Positive		<p>There is no indication that the Public Realm Transformation Programme will adversely affect any strand of equality set out in this impact assessment. Savings need to be achieved to find efficiency and to streamline working practices. However, consideration to equality issues will be reviewed following the consultation process to establish if any equality strand is adversely affected. Actions the Council will take to mitigate against any adverse impact include :</p> <ul style="list-style-type: none"> All affected staff will have: <ul style="list-style-type: none"> Regular updates Access to one to one meeting throughout the consultation period with Council managers Access to the Employees Assistance Programme Access to one to one meeting throughout the mobilisation period with Council managers and the incoming contractor's managers <p>Trade Unions will be consulted and updated as appropriate</p> <p><i>Expand box as required</i></p>
Neutral	✓	
Negative		

Evidence:

The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded too; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome. In the unlikely event that ABS is not granted/sought, all employees would be offered a comparable pension offering the same/very similar benefits instead.

**Expand box as required*

Sources used:

Data was supplied the London Borough of Havering Human Resources department.

**Expand box as required*

Socio-economic status: Consider those who are from low income or financially excluded backgrounds

Please tick (✓) the relevant box:

Positive

Neutral

✓

Overall impact:

There is no indication that the Public Realm Transformation Programme will adversely affect any strand of equality set out in this impact assessment. Savings need to be achieved to find efficiency and to streamline working practices. However, consideration to equality issues will be reviewed following the consultation process to establish if any equality strand is adversely affected. Actions the Council will take to mitigate against any adverse impact include :

- All affected staff will have:
 - Regular updates
 - Access to one to one meeting throughout the consultation period with Council managers
 - Access to the Employees Assistance Programme
 - Access to one to one meeting throughout the mobilisation period with Council managers and the incoming contractor's managers

Trade Unions will be consulted and updated as appropriate

Consideration has been made to part time workers who may fall within this category.

Category	Havering Corporate %	Public Realm (Havering)
Full time/Part Time		
Full Time	53.0%	98.4%
Part Time	47.0%	1.6%

Negative

		Full Time/Part Time Profile – The majority of staff work full-time (98%) with less than 2% working part-time. This is significantly lower than the corporate average. As TUPE applies, these conditions will transfer to the new employer with part-time and full-time workers continuing to work their contracted hours.
		<i>*Expand box as required</i>
Evidence:		
<p>The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded too; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome. In the unlikely event that ABS is not granted/sought, all employees would be offered a comparable pension offering the same/very similar benefits instead.</p>		
<i>*Expand box as required</i>		
Sources used:		
Data was supplied the London Borough of Havering Human Resources department.		

Health & Wellbeing Impact: Consider both short and long-term impacts of the activity on a person's physical and mental health, particularly for disadvantaged, vulnerable or at-risk groups. Can health and wellbeing be positively promoted through this activity? Please use the Health and Wellbeing Impact Tool in Appendix 2 to help you answer this question.		
<i>Please tick (✓) all the relevant boxes that apply:</i>		Overall impact:
Positive		<p>There is no indication that the Public Realm Transformation Programme will adversely affect any strand of equality set out in this impact assessment. Savings need to be achieved to find efficiency and to streamline working practices. However, consideration to equality issues will be reviewed following the consultation process to establish if any equality strand is adversely affected. Actions the Council will take to mitigate against any adverse impact include :</p> <ul style="list-style-type: none"> • All affected staff will have: <ul style="list-style-type: none"> ○ Regular updates ○ Access to one to one meeting throughout the consultation period with Council managers ○ Access to the Employees Assistance Programme ○ Access to one to one meeting throughout the mobilisation period with Council managers and the incoming contractor's managers <p>This may be an unsettling time for staff. Managers have kept staff and Trade Unions updated, and will continue to keep them informed as the programme progresses. Support will continue to be offered to all staff through the Employee Assistance Programme. Formal consultation with Trade Unions and staff will commence at the appropriate time.</p> <p>All standard HR processes will be followed in order to minimise any impact on</p>
Neutral	✓	
Negative		

	<p>staff health and wellbeing.</p> <p>The new Contract has the potential to lead to the development and retention of a multi skilled workforce, as the integrated solution may present more opportunities for staff that wish to develop their professional career.</p> <p style="text-align: right;"><i>*Expand box as required</i></p> <p>Do you consider that a more in-depth HIA is required as a result of this brief assessment? Please tick (✓) the relevant box</p> <p style="text-align: right;">Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>Evidence:</p> <p>The Council employees will TUPE to the contractor on their existing terms and conditions. Transferring employees' pensions will be safeguarded too; soft market testing indicated that all contractors are very likely to seek admission to the Local Government Pension Scheme (Admitted Body Status (ABS)). The Pensions Service has indicated that if the correct conditions are met, this is the likely outcome. In the unlikely event that ABS is not granted/sought, all employees would be offered a comparable pension offering the same/very similar benefits instead.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	
<p>Sources used:</p> <p>Data was supplied the London Borough of Havering Human Resources department.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	

3. Outcome of the Assessment

The EqHIA assessment is intended to be used as an improvement tool to make sure the activity maximises the positive impacts and eliminates or minimises the negative impacts. The possible outcomes of the assessment are listed below and what the next steps to take are:

Please tick (✓) what the overall outcome of your assessment was:

	1. The EqHIA identified <u>no significant concerns</u> OR the identified <u>negative concerns</u> have already been <u>addressed</u>	➔	Proceed with implementation of your activity
	2. The EqHIA identified some <u>negative impact</u> which still needs <u>to be addressed</u>	➔	COMPLETE SECTION 4: Complete action plan and finalise the EqHIA
	3. The EqHIA identified some <u>major concerns</u> and showed that it is <u>impossible to diminish negative impacts</u> from the activity to an acceptable or even lawful level	➔	Stop and remove the activity or revise the activity thoroughly . Complete an EqHIA on the revised proposal.

4. Action Plan

The real value of completing an EqHIA comes from the identifying the actions that can be taken to eliminate/minimise negative impacts and enhance/optimize positive impacts. In this section you should list the specific actions that set out how you will address any negative equality and health & wellbeing impacts you have identified in this assessment. Please ensure that your action plan is: more than just a list of proposals and good intentions; sets ambitious yet achievable outcomes and timescales; and is clear about resource implications.

Protected characteristic / health & wellbeing impact	Identified Negative or Positive impact	Recommended actions to mitigate Negative impact* or further promote Positive impact	Outcomes and monitoring**	Timescale	Lead officer

Add further rows as necessary

* You should include details of any future consultations and any actions to be undertaken to mitigate negative impacts

** Monitoring: You should state how the impact (positive or negative) will be monitored; what outcome measures will be used; the known (or likely) data source for outcome measurements; how regularly it will be monitored; and who will be monitoring it (if this is different from the lead officer).

5. Review

In this section you should identify how frequently the EqHIA will be reviewed; the date for next review; and who will be reviewing it.

Review:

Scheduled date of review:

Lead Officer conducting the review:

**Expand box as required*

Appendix 1. Guidance on Undertaking an EqHIA

What is it?

The Equality & Health Impact Assessment (EqHIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service, whilst at the same time ensuring a person's chance of leading a healthy life is the same wherever they live and whoever they are. We want to ensure that the activities of the Council are 'fit for purpose' and meet the needs of Havering's increasingly diverse communities and employees. This robust and systematic EqHIA process ensures that any potential detrimental effects or discrimination is identified, removed, or mitigated and positive impacts are enhanced.

When to Assess:

An EqHIA should be carried out when you are changing, removing or introducing a new service, policy, strategy or function; for simplicity, these are referred to as an "activity" throughout this document. It is best to conduct the assessment as early as possible in the decision-making process.

Guidance: Equality & Health Impact Assessment Checklist

The Checklist in Section 1 asks the key questions,

4a) Are you changing, introducing a new, or removing a service, policy, strategy or function?

4b) Does this activity (policy/strategy/service/decision) have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?

4c) Does this activity (policy/strategy/service/decision) have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?

- If the answer to ANY of the questions 4a, 4b or 4c of the Checklist is 'YES' then you must carry out an assessment. e.g. Proposed changes to Contact Centre Opening Hours
'YES' = you need to carry out an EqHIA
- If the answer to ALL of the questions, 4a or 4b of the Checklist is NO, then you do not need to carry out an EqHIA assessment. e.g. Quarterly Performance Report
'NO' = you DO NOT need to carry out an EqHIA. Please provide a clear explanation as to why you consider an EqHIA is not required for your activity.

Using the Checklist

The assessment should take into account all the potential impacts of the proposed activity, be it a major financial decision, or a seemingly simple policy change. Considering and completing this EqHIA will ensure that all Council plans, strategies, policies, procedures, services or other activity comply with relevant statutory obligations and responsibilities. In particular it helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#) and its public health duties under the [Health and Social Care Act 2012](#).

Having Due Regard

To have due regard means that in making decisions and in its other day-to-day activities, the Council must consciously consider the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups
- Reduce inequalities in health outcomes

Combining Equality and Health Impact Assessment:

[Equality Impact Assessments \(EIAs\)](#) provide a systematic way of ensuring that legal obligations are met. They assess whether a proposed policy, procedure, service change or plan will affect people different on the basis of their 'protected characteristics' and if it will affect their human rights. Currently there are **nine protected characteristics** (previously known as 'equality groups' or 'equality strands'): age, disability, sex/gender, ethnicity/race, religion/faith, sexual orientation, gender reassignment, marriage/civil partnership, and pregnancy/ maternity/paternity.

An activity does not need to impact on all 9 protected characteristics – impacting on just one is sufficient justification to complete an EqHIA.

[Health Impact Assessments \(HIAs\)](#) consider the potential impact of any change or amendment to a policy, service, plan, procedure or programme on the health and wellbeing of the population. HIAs help identify how people may be affected differently on the basis of where they live and potential impacts on health inequalities and health equity by assessing the distribution of potential effects within the population, particularly within vulnerable groups. 'Health' is not restricted to medical conditions, or the provision of health services, but rather encompasses the wide range of influences on people's health and wellbeing. This includes, but is not limited to, experience of discrimination, access to transport, housing, education, employment - known as the 'wider determinants of health'.

This [Equality and Health Impact Assessment \(EqHIA\)](#) brings together both impact assessments into a single tool which will result in a set of recommendations to eliminate discrimination and inequality; enhance potential positive impacts and mitigate where possible for negative impacts. In conducting this EqHIA you will need to assess the impact (positive, neutral or negative) of your activity on individuals and groups with **protected characteristics** (this includes staff delivering your activity), **socio-economic status** and **health & wellbeing**. Guidance on what to include in each section is given on the next pages.

Guidance: What to include in background/context

In this section you will need to add the background/context of your activity, i.e. what is the activity intending to do, and why?

Make sure you include the scope and intended outcomes of the activity being assessed; and highlight any proposed changes. Please include a brief rationale for your activity and any supporting evidence for the proposal. Some questions to consider:

- What is the aim, objectives and intended outcomes?
- How does this activity meet the needs of the local population?
- Has this activity been implemented in another area? What were the outcomes?
- Is this activity being implemented as per best practice guidelines?
- Who were the key stakeholders in this activity?

*Note that the boxes will expand as required

Guidance: Who will be affected by the activity?

The people who will be affected may be

Residents: pay particular attention to vulnerable groups in the population who may be affected by this activity

Businesses/ manufacturing / developers / small, medium or large enterprises

Employees: e.g. Council staff for an internal activity, other statutory or voluntary sector employees, local businesses and services

*Note that the boxes will expand as required

Guidance: What to include in assessing a Protected Characteristic e.g. AGE

Please tick (✓) the relevant box:

Positive

Neutral

Negative

Overall impact: In this section you will need to consider and note what impact your activity will have on individuals and groups (including staff) with protected characteristics based on the data and information you have. You should note whether this is a positive, neutral or negative impact.

It is essential that you note all negative impacts. This will demonstrate that you have paid 'due regard' to the Public Sector Equality Duty if your activity is challenged under the Equality Act.

*Note that the boxes will expand as required

Evidence: In this section you will need to document the evidence that you have used to assess the impact of your activity.

When assessing the impact, please consider and note how your activity contributes to the three aims of the Public Sector Equality Duty (PSED) as stated in the section above.

It is essential that you note the full impact of your activity, so you can demonstrate that you have fully considered the equality implications and have paid 'due regard' to the PSED should the Council be challenged.

- If you have identified a **positive impact**, please note this.
- If you think there is a **neutral impact** or the impact is not known, please provide a full reason why this is the case.
- If you have identified a **negative impact**, please note what steps you will take to mitigate this impact. If you are unable to take any mitigating steps, please provide a full reason why. All negative impacts that have mitigating actions must be recorded in the **Action Plan**.
- **Please ensure that appropriate consultation with affected parties has been undertaken and evidenced**

Sources used: In this section you should list all sources of the evidence you used to assess the impact of your activity. This can include:

- Service specific data
- Population, demographic and socio-economic data. Suggested sources include:
 - o Service user monitoring data that your service collects
 - o [Havering Data Intelligence Hub](#)
 - o [Office for National Statistics \(ONS\)](#)

If you do not have any relevant data, please provide the reason why.

*Note that the boxes will expand as required

Guidance: What to include in assessing Health & Wellbeing Impact:

Please tick (✓) all the relevant boxes that apply:

Positive

Neutral

Negative

Overall impact: In this section you will need to consider and note whether the proposal could have an overall impact on, or implications for, people's health and wellbeing or any factors which determine people's health.

How will the activity help address inequalities in health?

Include here a brief outline of what could be done to enhance the positive impacts and, where possible, mitigate for the negative impacts.

*Note that the boxes will expand as required

Do you consider that a more in-depth HIA is required as a result of this brief assessment? Please tick (✓) the relevant box

Yes

☐

No

☐

Evidence: In this section you will need to outline in more detail how you came to your conclusions above:

- What is the nature of the impact?
- Is the impact **positive** or **negative**? It is possible for an activity to have **both positive and negative impacts**. Consider here whether people will be able to access the service being offered; improve or maintain healthy lifestyles; improve their opportunities for employment/income; whether and how it will affect the environment in which they live (housing, access to parks & green space); what the impact on the family, social support and community networks might be
- What can be done to mitigate the negative impacts and/or enhance the positive impacts?
- If you think there is a **neutral impact**, or the impact is not known, please provide a brief reason why this is the case.
- What is the likelihood of the impact? Will the impact(s) be in weeks, months or years? In some cases the short-term risks to health may be worth the longer term benefits.
- Will the proposal affect different groups of people in different ways? A proposal that is likely to benefit one section of the community may not benefit others and could lead to inequalities in health.

Please use the Health & Wellbeing Impact Tool in Appendix 2 as a guide/checklist to assess the potential wider determinants of health impacts.

This tool will help guide your thinking as to what factors affect people's health and wellbeing, such as social support, their housing conditions, access to transport, employment, education, crime and disorder and environmental factors. It is not an exhaustive list, merely a tool to guide your assessment; there may be other factors specific to your activity.

Some questions you may wish to ask include:

- Will the activity impact on people's ability to socialise, potentially leading to social isolation?
- Will the activity affect a person's income and/or have an effect on their housing status?
- Is the activity likely to cause the recipient of a service more or less stress?
- Will any change in the service take into account different needs, such as those with learning difficulties?
- Will the activity affect the health and wellbeing of persons not directly related to the service/activity, such as carers, family members, other residents living nearby?
- If there is a short-term negative effect, what will be done to minimise the impact as much as possible?

- Are the longer-term impacts positive or negative? What will be done to either promote the positive effects or minimise the negative effects?
- Do the longer term positive outcomes outweigh the short term impacts?

*Note that the boxes will expand as required

Sources used: In this section you should list all sources of the evidence you used to assess the impact of your activity. This could include, e.g.:

Information on the population affected

- Routinely collected local statistics (e.g. quality of life, health status, unemployment, crime, air quality, educational attainment, transport etc.)
- Local research/ Surveys of local conditions
- Community profiles

Wider Evidence

- Published Research, including evidence about similar proposals implemented elsewhere (e.g. Case Studies).
- Predictions from local or national models
- Locally commissioned research by statutory/voluntary/private organisations

Expert Opinion

- Views of residents and professionals with local knowledge and insight

*Note that the boxes will expand as required

Guidance: Outcome of the Assessment

On reflection, what is your overall assessment of the activity?

The purpose of conducting this assessment is to offer an opportunity to think, reflect and **improve** the proposed activity. It will make sure that the Council can evidence that it has considered its due regard to equality and health & wellbeing to its best ability.

It is not expected that all proposals will be immediately without negative impacts! However, where these arise, what actions can be taken to mitigate against potential negative effects, or further promote the positive impacts?

Please tick one of the 3 boxes in this section to indicate whether you think:

1. all equality and health impacts are adequately addressed in the activity – proceed with your activity pending all other relevant approval processes
2. the assessment identified some negative impacts which could be addressed – please complete the Action Plan in Section 4.
3. If the assessment reveals some significant concerns, this is the time to stop and re-think, making sure that we spend our Council resources wisely and fairly. There is no shame in stopping a proposal.

*Note that the boxes will expand as required

Guidance: Action Plan

For each protected characteristic/health & wellbeing impact where an impact on people or their lives has been identified, complete one row of the action plan. You can add as many further rows as required.

State whether the impact is Positive or Negative

Briefly outline the actions that can be taken to mitigate against the negative impact or further enhance a positive impact. These actions could be to make changes to the activity itself (service, proposal, strategy etc.) or to make contingencies/alterations in the setting/environment where the activity will take place.

For example, might staff need additional training in communicating effectively with people with learning difficulties, if a new service is opened specifically targeting those people? Is access to the service fair and equitable? What will the impact on other service users be? How can we ensure equity of access to the service by all users? Will any signage need changing? Does the building where the service being delivered comply with disability regulations?

Guidance: Review

Changes happen all the time! A service/strategy/policy/activity that is appropriate at one time, may no longer be appropriate as the environment around us changes. This may be changes in our population, growth and makeup, legislative changes, environmental changes or socio-political changes.

Although we can't predict what's going to happen in the future, a review is recommended to ensure that what we are delivering as a Council is still the best use of our limited resources. The timescale for review will be dependent on the scale of the activity.

A major financial investment may require a review every 2-3 years for a large scale regeneration project over 10-15 years.

A small policy change may require a review in 6 months to assess whether there are any unintended outcomes of such a change.

Please indicate here how frequently it is expected to review your activity and a brief justification as to why this timescale is recommended.

Appendix 2. Health & Wellbeing Impact Tool

Will the activity/service/policy/procedure affect any of the following characteristics? Please tick/check the boxes below

The following are a range of considerations that might help you to complete the assessment.

Lifestyle YES <input type="checkbox"/> NO <input type="checkbox"/>	Personal circumstances YES <input type="checkbox"/> NO <input type="checkbox"/>	Access to services/facilities/amenities YES <input type="checkbox"/> NO <input type="checkbox"/>
<input type="checkbox"/> Diet <input type="checkbox"/> Exercise and physical activity <input type="checkbox"/> Smoking <input type="checkbox"/> Exposure to passive smoking <input type="checkbox"/> Alcohol intake <input type="checkbox"/> Dependency on prescription drugs <input type="checkbox"/> Illicit drug and substance use <input type="checkbox"/> Risky Sexual behaviour <input type="checkbox"/> Other health-related behaviours, such as tooth-brushing, bathing, and wound care	<input type="checkbox"/> Structure and cohesion of family unit <input type="checkbox"/> Parenting <input type="checkbox"/> Childhood development <input type="checkbox"/> Life skills <input type="checkbox"/> Personal safety <input type="checkbox"/> Employment status <input type="checkbox"/> Working conditions <input type="checkbox"/> Level of income, including benefits <input type="checkbox"/> Level of disposable income <input type="checkbox"/> Housing tenure <input type="checkbox"/> Housing conditions <input type="checkbox"/> Educational attainment <input type="checkbox"/> Skills levels including literacy and numeracy	<input type="checkbox"/> to Employment opportunities <input type="checkbox"/> to Workplaces <input type="checkbox"/> to Housing <input type="checkbox"/> to Shops (to supply basic needs) <input type="checkbox"/> to Community facilities <input type="checkbox"/> to Public transport <input type="checkbox"/> to Education <input type="checkbox"/> to Training and skills development <input type="checkbox"/> to Healthcare <input type="checkbox"/> to Social services <input type="checkbox"/> to Childcare <input type="checkbox"/> to Respite care <input type="checkbox"/> to Leisure and recreation services and facilities
Social Factors YES <input type="checkbox"/> NO <input type="checkbox"/>	Economic Factors YES <input type="checkbox"/> NO <input type="checkbox"/>	Environmental Factors YES <input type="checkbox"/> NO <input type="checkbox"/>
<input type="checkbox"/> Social contact <input type="checkbox"/> Social support <input type="checkbox"/> Neighbourliness <input type="checkbox"/> Participation in the community <input type="checkbox"/> Membership of community groups <input type="checkbox"/> Reputation of community/area <input type="checkbox"/> Participation in public affairs <input type="checkbox"/> Level of crime and disorder <input type="checkbox"/> Fear of crime and disorder <input type="checkbox"/> Level of antisocial behaviour <input type="checkbox"/> Fear of antisocial behaviour <input type="checkbox"/> Discrimination <input type="checkbox"/> Fear of discrimination <input type="checkbox"/> Public safety measures <input type="checkbox"/> Road safety measures	<input type="checkbox"/> Creation of wealth <input type="checkbox"/> Distribution of wealth <input type="checkbox"/> Retention of wealth in local area/economy <input type="checkbox"/> Distribution of income <input type="checkbox"/> Business activity <input type="checkbox"/> Job creation <input type="checkbox"/> Availability of employment opportunities <input type="checkbox"/> Quality of employment opportunities <input type="checkbox"/> Availability of education opportunities <input type="checkbox"/> Quality of education opportunities <input type="checkbox"/> Availability of training and skills development opportunities <input type="checkbox"/> Quality of training and skills development opportunities <input type="checkbox"/> Technological development <input type="checkbox"/> Amount of traffic congestion	<input type="checkbox"/> Air quality <input type="checkbox"/> Water quality <input type="checkbox"/> Soil quality/Level of contamination/Odour <input type="checkbox"/> Noise levels <input type="checkbox"/> Vibration <input type="checkbox"/> Hazards <input type="checkbox"/> Land use <input type="checkbox"/> Natural habitats <input type="checkbox"/> Biodiversity <input type="checkbox"/> Landscape, including green and open spaces <input type="checkbox"/> Townscape, including civic areas and public realm <input type="checkbox"/> Use/consumption of natural resources <input type="checkbox"/> Energy use: CO2/other greenhouse gas emissions <input type="checkbox"/> Solid waste management <input type="checkbox"/> Public transport infrastructure

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